

24th
Congress
of the
CPSU

DIRECTIVES

of the
Five-Year Economic
Development Plan
of the
USSR
for **1971-1975**

A Report by
Alexei KOSYGIN



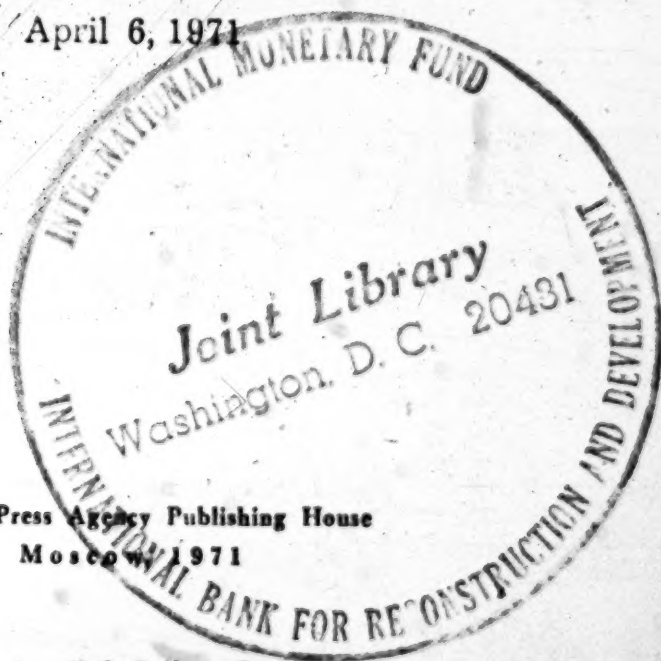
**DIRECTIVES
OF THE 24TH CONGRESS
OF THE
COMMUNIST PARTY
OF THE SOVIET UNION
FOR THE FIVE-YEAR
ECONOMIC DEVELOPMENT PLAN
OF THE USSR FOR 1971-1975**

A Report by
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Chairman
of the Council of Ministers
of the USSR

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A. N. KOSYGIN
Chairman,
USSR Council of Ministers

Comrade delegates,

The Central Committee of the CPSU has presented for consideration by the Congress the draft Directives for the Five-Year Economic Development Plan of the USSR for 1971-1975. This document further elaborates the Party's economic policy which was worked out by the 23rd Congress and Plenary Meetings of the CC CPSU, and which defined the tasks at the present stage of communist construction and ways of carrying them out.

The Central Committee's report, delivered by the General Secretary of the CC CPSU L. I. Brezhnev, comprehensively sums up the experience accumulated by the Party since the 23rd Congress, and sets out the basic questions of the Party's economic policy at the present stage. The report gives a Marxist-Leninist analysis of the international and domestic situation, considers questions of inner-Party life, and the tasks of further consolidating the world socialist system, developing the international communist and working-class movement and strengthening our Party's friendly ties with the fraternal Parties of other countries.

The past five-year period has shown the Party's enhanced leading role in the life of Soviet society. The Party's ideological and organisational cohesion has grown and its ties with the people have become even stronger. The Party is carrying out with honour its lofty mission of militant vanguard of the Soviet people.

The Leninist foreign policy, which the Party has consistently pursued, has ensured the further consolidation of the

positions of socialism in a highly complex international situation. Despite the mounting resistance of aggressive imperialist forces, fresh victories have been scored in the struggle for peace, for the free development of all nations, and for social progress.

The discussion of the CC CPSU Report at our Congress has given a striking and convincing demonstration of the high level of ideological cohesion of our Party's ranks, the great unity of all the peoples of our country with the Leninist Party and its Central Committee. The high appraisal of the CC's activity contained in the Congress delegates' speeches on L. I. Brezhnev's Report, and the concrete, constructive, and ideological-political tenor of these speeches give a profound and comprehensive picture of the vast work being done by the Party in every sphere of our society's material and cultural life.

Under the Party's leadership, the Soviet people have travelled a great road abounding in revolutionary struggle and heroic labour. Our victory in the Great Patriotic War brought peace and national independence to the peoples of many countries, and created the conditions for the emergence of the world socialist system. After the war, the Soviet people took a short time to rehabilitate the towns and villages destroyed by the enemy, achieved a more than eight-fold increase over 1940 in the output of the social product, and technically reequipped the national economy. A sound foundation has been laid for the successful fulfilment of new tasks in communist construction.

The might of the world's first socialist state, built by the Soviet people's glorious creative endeavour, is a source of pride and hope for the working people of all countries.

Our economic construction plans are geared to a great goal, the creation of a communist society. The draft Directives for the Ninth Five-Year Plan were discussed at the Congresses of the Communist Parties of the Union republics, at territorial, regional, city and district Party conferences, in the Party organisations, at working people's meetings and in the press. All speakers have unanimously expressed approval of the Party's line for building the material and technical basis of communism, accelerating the development of the economy, and further raising the people's living standard. Many useful and important suggestions expressed on questions relating to economic, social and cultural develop-

ment have been made. They will all be carefully studied. Some of them will evidently be reflected in the Directives of the Congress, and others will be taken into consideration in the drafting and the practical implementation of the Five-Year Plan.

The discussion of the draft Directives testifies to profound understanding on the part of broad masses of working people of our Party's policy, their whole-hearted support of it, and their active participation in tackling the basic problems of the development of Soviet society. Therein lies the guarantee that the majestic programme of the new five-year period will be successfully fulfilled.

I.

RESULTS OF THE FULFILMENT OF THE EIGHTH FIVE-YEAR PLAN

Allow me, comrade delegates, to report on the main results of the fulfilment of the Eighth Five-Year Plan and the changes that have taken place in our economy in this period.

The most important result of the past five-year period is that the political and the key socio-economic tasks set by the Party's 23rd Congress have been successfully fulfilled.

Here are the summarised indicators of the actual fulfilment of the plan targets.

	1976 as % % of 1965	
	23rd Congress Directives	Actual fulfilment
National income	138-141	141
Total industrial output	147-150	150
of which:		
means of production	149-152	151
articles of consumption	143-146	149
Capital investment (total for the five-year period, % % of preceding period)	147	142
Freight turnover for all types of transport	137	138
State and co-operative retail trade	not less than 140	148
Average wages of workers and office employees	not less than 120	126
Average monthly incomes of collective farmers in cash and kind from the farms' social production	133-140	142
Payments and benefits to the population from social consumption funds	not less than 140	153
Real income per head of population	about 130	133

In the past five years, the average annual output in agriculture has increased by 21 per cent. The fulfilment of the planned targets for farm produce is characterised by the following data.

**Annual Average Output
for 1966-1970
(million tons)**

	planned targets	fulfilment	fulfilment % %
Grain	167	167.5	100.3
Raw cotton	5.6-6.0	6.1	108.9-101.7
Sugar beet	80	81	101.3
Sunflower seed	6	6.37	106.2
Potatoes	100	94.8	94.8
Vegetables	21.6	19.3	89.4
Meat (slaughter weight)	11	11.6	105.4
Milk	78	80.5	103.2
Eggs (thousand million)	34	35.8	105.3
Wool (thousand tons)	391	397	101.5

These data show the considerable successes scored in fulfilling the five-year plan.

In the country's political life, in the five-year period, there has been a further consolidation of the socialist system, of the ideological and political unity of Soviet society, and of the Soviet people's cohesion with the Communist Party and its Central Committee. The alliance of the working class and the peasantry, and the friendship and fraternal co-operation of all the peoples of the Soviet Union have grown still stronger. Socialist democracy has been further advanced.

In the sphere of economic development the fulfilment of the Eighth Five-Year Plan has raised the national economy to a higher level. The growth rates in scientific and technical progress, production, and labour productivity have been accelerated. Social production has become more efficient, the sectoral structure of the national economy has been improved, and conditions have been created for further boosting the whole economy of the country.

In the social sphere the material standard and the cultural level of life of the population have been raised. The professional and technical training of workers and collective farmers has been improved. As in the past, full employment of the employable population has been ensured in the

country. An important step has been taken in fulfilling such basic social tasks as the gradual elimination of the essential distinctions between town and country, and between manual and mental labour.

You will find, comrade delegates, that tremendous successes have been scored in every sphere of our society's development. It has become even more homogeneous, harmonious, united and mighty.

It naturally required vast resources to ensure the planned growth of social production and to carry out the large-scale social measures. The national income produced by the working people has been and remains the only source on which the Soviet state draws for these means. That is why special attention was given to accelerating the national income growth rate. In the seventh five-year period, the national income increased by 32 per cent, and in the eighth five-year period, by 41 per cent.

The proportions in the distribution of the national income have also changed. In the seventh and in all the earlier five-year periods (with the exception of the first postwar five-year period) the accumulation fund grew at a much faster rate than the consumption fund. The Eighth Five-Year Plan provided for bringing these rates closer together, and this has been done. In the eighth five-year period, the consumption fund increment came to 56.8 thousand million rubles, as against 31.4 thousand million rubles in the seventh five-year period, that is, it almost doubled, while the accumulation fund continued to grow. Consequently, in a developed socialist society accelerated national-economic development goes hand in hand with a rapidly rising living standard for the people. This flows from the nature of the socialist mode of production, which has done away with the alienation of the product of labour from its producers, and with the appropriation by the exploiting classes of the results of the working people's production activity.

A fundamental problem of our planning is to ensure a high rate of growth of the national income and its correct distribution in order to strengthen the country's might and raise the working people's living standard. Questions relating to the determination of the volumes of production and questions relating to the distribution of the national income were annually considered by the Party's Central Committee and the Government when national-economic plans

and state budgets were formulated and when they were discussed at plenary meetings of the CC CPSU and at sessions of the Supreme Soviet of the USSR.

How then has the national income for the last five-year period been used?

In the last five years, the total national income has come to the vast figure of 1,166,000 million rubles. To realise the magnitude of this figure let us recall that in the seventh five-year period (1961-1965) the total national income came to 840 thousand million rubles, whereas in the five prewar years (1936-1940) it was only 154 thousand million rubles (for all these data 1965 prices have been taken as a base).

Almost three-quarters of the national income produced during the eighth five-year period has gone into consumption.

Thus, 518 thousand million rubles of the wages and salaries received by workers and office employees in the production sphere and incomes of collective farmers has gone into consumption by the working people and their families.

One hundred and ninety-nine thousand million rubles has gone into education, public health and the satisfaction of other cultural and everyday needs of the population and of social requirements.

Nearly 80 thousand million rubles has gone into the maintenance of incapacitated persons (disabled and veteran workers, war invalids, and temporarily incapacitated persons) and also into scholarships and grants to students.

Forty-one thousand million rubles has gone into science. Consequently, the bulk of the national income has gone into consumption. However, we have also constantly to display concern for further expanding social production. That is why a part of the national income, 186 thousand million rubles, has gone into production accumulation; that is enlargement of the basic production assets at factories, mills, railways and other industrial enterprises, and also into increasing the stocks of commodities and materials.

In the five years the cost of increasing housing space, and the network of schools, hospitals, and cultural and other establishments has come to 62 thousand million rubles.

In the present international situation, the Soviet state must show unceasing concern for strengthening the country's defence capability. In the five years, 80 thousand million rubles has gone for the needs of defence.

In our country, the distribution of the national income is carried out in accordance with the principles of socialism, and the objective regularities governing the development of the socialist economic system, which rests on the unshakable basis of social ownership of the means of production. These principles, scientifically elaborated in the works of Marx, Engels and Lenin, are written into our Party's Programme, and serve as the basis for socialist economic management.

The growth of the national income and its distribution in the working people's interests have made possible the successful fulfilment of the social tasks set by the Directives of the 23rd Congress for the eighth five-year period.

The plan provided for an increase of at least 20 per cent in the five-year period in the average wages and salaries of workers and office employees, but the actual increase has been 26 per cent. Collective farmers' incomes in cash and kind from social production were to have increased by 35-40 per cent, but have in fact gone up 42 per cent. In the past five-year period, real income per head of population has increased by 33 per cent, as against 19 per cent in the seventh five-year period. We can note with satisfaction that the target set by the 23rd Congress of the CPSU for the growth of real incomes of the population has been overfulfilled.

The growth of *retail trade* is an important indicator of the people's rising living standard. In 1970, it reached 153.6 thousand million rubles, an increase of 48.4 per cent over 1965. However, growth in the output of some goods has lagged behind the rising cash incomes of the population.

We still have some difficulties in meeting the demand of the population for some goods, in particular, meat and meat products, although during the eighth five-year period their annual consumption per head has increased by an average of seven kilograms for the country.

More concern should be shown for satisfying the people's growing requirements. In formulating the five-year plan, there is need additionally to consider all the possibilities that would make it possible to ensure a fuller satisfaction of the people's demand for goods in the next few years. All-Union as well as republican and local organs must constantly concentrate on increasing the output of consumer goods and improving trade.

A considerable growth in *housing construction* was set

by the 23rd Congress of the CPSU as one of the major tasks of the eighth five-year period. In the past five-year period, almost 60 thousand million rubles has been spent for this purpose; 11,350,000 flats have been built. International statistics show that in the past five years no other country in the world has built as many flats. But it is still too early to say that the whole population of our country has been sufficiently provided with flats. This problem remains a serious one for the years ahead.

Much has been done to improve the *cultural and everyday living conditions for the population*. The network of theatres, cinemas, clubs and libraries has been enlarged. The printings of newspapers, books and magazines have grown considerably. Television sets, radios, refrigerators, washing machines, and electrical appliances have been broadly introduced into the home. The number of flats with gas laid on has more than doubled.

Much work has been done in the sphere of *public education*. According to the 1939 census, 24.2 per cent of the total working urban population of the USSR, and only 6.3 per cent of the rural population had a secondary (complete or incomplete) or higher education.

The 1970 census showed that 75 per cent of the working people in the towns, and over 50 per cent in the country have a secondary or higher education. The rapid rise of the educational standard of the population and the raising of their cultural level is a great achievement of the socialist system.

Our successes are also considerable in developing the *health services*. The network of hospitals, polyclinics and other establishments for the treatment and prevention of disease, sanatoriums, health resorts and holiday homes has been enlarged. There are now more pre-school children's establishments. In some cities and industrial centres, the requirements in children's establishments have now been satisfied.

An important social measure in the past five-year period has been the stage-by-stage switch-over of workers and office employees to a five-day week, with two days off. The minimum duration of paid holidays for workers and office employees has been increased.

The high rate of national income growth and the rising living standard of the people has been achieved through the successful development of socialist production, which

was largely promoted by the economic reform approved by the 23rd Congress of the CPSU.

In 1970, total *industrial output* was valued at 373 thousand million rubles, an increase of 50 per cent over the five years.

Major qualitative changes have taken place in industry on the basis of modern scientific and technical achievements. Output in engineering and metal-working has increased by 74 per cent, in the chemical and petrochemical industries by 78 per cent, and in the electric-power industry by 54 per cent.

The progressive changes in industry are also in great measure due to the enlargement of its raw material base, the discovery of new gas, oil, ferrous and non-ferrous ore, diamond and other mineral deposits. Thus, of the surveyed gas deposits, which now exceed 16,000,000 million cubic metres, over 13,000,000 million were surveyed in the past five years. The importance of the discovery of these deposits will be seen from the fact that today oil and gas make up nearly 60 per cent of the fuel balance, as compared with 51 per cent in 1965. A major oil and gas base has been created in the East. The rich oilfields at Tyumen fully provide for the needs of the rapidly growing economy of Siberia and the Far East. Not long ago, oil was being supplied to Siberia from the west of the country, but now Siberia itself pipes a part of its oil resources both to the west and to the east.

Alongside the development of the natural resources, economical, high-quality synthetic materials are being produced and more widely put to industrial use.

The qualitative changes are also expressed in the fact that larger-capacity units are being used on an ever more extensive scale in industry. Thus, for instance, there has been a considerable increase in the capacity of power units, installations for the primary processing of oil, and other chemical plant, and also in the volume of blast furnaces and converters. The freight capacity of railway cars, ships, hoisting cranes, and the power of tractors, lorries, excavators and other machines and mechanisms have been increased. The switch-over to larger units makes it possible considerably to raise labour productivity and sharply to reduce per-unit investments.

The engineering industry is also being technically re-

equipped. The output of modern instruments, automated transfer lines and electronic computers has been substantially boosted. We are going over from the fabrication of individual machines to the making of machine systems which make possible the complex mechanisation of labour. The manufacture of machine tools with programme digital control, which make it possible to work intricately shaped pieces in accordance with a pre-set programme, to raise the precision of working, and to automate small-batch production, has been organised.

In the past five years, great changes have taken place in the life of the socialist countryside. A great deal has been done to consolidate the material and technical basis of the collective and state farms. A major step has been taken in providing electricity for the rural areas. Land improvement has been carried out on a large scale. The supply of farm machinery, fertilisers and chemicals to the collective and state farms has been considerably increased. Crop yields and the productivity of livestock farming have been raised, and the output of all farm products has been increased. This has made it possible to increase the state purchases of grain, industrial crops, milk, meat and other produce.

Here are the data on the growing purchases of farm produce:

**Annual Average
Purchased (million tons)**

	1961-1965	1966-1970	1966-1970 as % of 1961-1965
Grain—total	51.6	66.0	128
including groats	1.6	2.6	163
of this, rice	0.21	0.67	324
Raw cotton	5.0	6.1	122
Sugar beet	55.4	74.4	134
Sunflower seed	3.4	4.7	138
Potatoes	8.4	11.0	131
Vegetables	6.7	9.4	140
Meat (slaughter weight)	5.2	7.3	139
Milk	31.1	43.2	139
Eggs (thousand million)	8.7	14.4	166

The development of socialist industry and agriculture, and the raising of the living standard would have been impossible without the implementation of an extensive *capital construction* programme. In the five-year period, the coun-

try's basic production assets have grown by almost 50 per cent. Capital investments in the national economy have come to a total of 352 thousand million rubles (in 1969 prices). This is almost as much as was invested in eight preceding years. Such is the scale of our growth.

In accordance with the Eighth Five-Year Plan, new capacities for generating 54 million kw have been commissioned, the world's largest hydropower electric station has been built at Krasnoyarsk with a capacity of 5 million kw, oil and gas pipelines totalling 35,400 kilometres have been started.

In the iron and steel industry, capacities for the production of 9.7 million tons of pig iron, 18 million tons of steel, and 14.3 million tons of rolled metal, and the extraction of 120.5 million tons of iron ore a year have been commissioned. In the non-ferrous industry, the capacities for the production of copper, nickel, zinc, and aluminium have been considerably built up. In the chemical industry, plants for the manufacture of 33 million tons of mineral fertilisers, and manmade fibre and rubber factories have been built. In the building-materials industry, cement factories, and enterprises for the extraction and processing of asbestos have been built. Many enterprises in the light and food industries have been put into operation. As the five-year plan was being fulfilled, a decision was taken to build the country's biggest auto works at the town of Togliatti. Construction on it was started in 1967, and in August 1970 the Volzhsky Car Factory already turned out the first batch of passenger cars.

At the same time, there have been considerable shortcomings in capital construction. Construction periods for some enterprises and installations have run beyond the normal standards, and this has caused unproductive inputs and losses. There is a large volume of uncompleted construction.

Technical progress, improvement in the organisation of production and the raising of the level of the workers' skill have helped to accelerate the growth rate of the *productivity of social labour*. In the national economy as a whole, the productivity of social labour has increased by 37 per cent, as against 29 per cent in the seventh five-year period. In the seventh five-year period, higher productivity of labour accounted for 62 per cent of the increment in industrial production, in the eighth, 73 per cent, and in 1970, as much as 84 per cent. Growth in industrial and agricultural

production must increasingly be attained through the boosting of labour productivity. That is the main way of developing the socialist economy.

Marked successes have been scored in reducing production costs. In the five years, the profits of enterprises have more than doubled, and the profitability of production has gone up.

The development of our economy is closely connected with the major achievements of *Soviet science*. Scientists have a great part to play in the development of new machinery, synthetic materials and electronic devices. Considerable scientific results have been achieved in the sphere of mathematics, physics, chemistry, geology, biology, and space exploration.

The Central Committee of the Party and the Soviet Government have devoted and continue to devote constant attention to *strengthening the country's defence capability*, and developing the defence industry. We are bound to do this in view of the present international situation and our country's security interests. On the basis of the latest scientific and technical achievements, many new types of modern weapons have been developed and are being manufactured, and the combat and technical characteristics of weapons have been improved. We can report to the Congress that the Soviet Armed Forces are equipped with the latest combat materiel of the highest class.

Comrades, the scope of the work done by the Party and the importance of the results of the fulfilment of the Eighth Five-Year Plan are tremendous, but we should not overestimate our successes. We still have many unsolved problems, we have difficulties and shortcomings.

The five-year plan has been fulfilled for the main indicators. However, the building ministries have not quite fulfilled their plan, and not all capacities have been commissioned for the extraction of coal, the production of rolled ferrous metals, chemical fibre, plastics, lorries, tractors, pulp, cement, and a number of projects in the light and food industries have not been put into operation. This has led to the non-fulfilment of output targets for some types of products. Labour productivity growth was short of the target in industry, agriculture, and especially in construction.

It should not be ignored that the country's economic development in the eighth five-year period proceeded in the

conditions of an aggravated international situation. This gave rise to the need for carrying through additional measures of a defence character, which called for some diversion of resources and manpower.

At the same time, we have quite a few shortcomings for which the reasons cannot be regarded as being objective. These shortcomings were brought to light at the December (1969) Plenary Meeting of the CC CPSU. The Party's Central Committee criticised breaches of state discipline by some economic executives: non-fulfilment of plans, of targets for co-operated deliveries, and a weakened sense of responsibility to the people.

Party conferences and congresses of the Communist Parties of the Union republics held before this Party Congress made a thorough critical analysis of the work of a number of economic organisations, ministries and departments. Justified criticism was levelled at some engineering enterprises turning out machine-tools, farm machinery, industrial plant and especially foundry equipment, which fell short of the modern technical standards. The light industry has yet to satisfy the demand of the population for high quality garments and knitted goods, footwear and some other products. The renewal of products has been much too slow, and raw materials have now and then not been used rationally enough. It has often happened that only the first few batches of new products were of a high quality, which then declined and fell below the level achieved. Sometimes even new enterprises, equipped with modern plant, have turned out obsolescent types of products. There have been many shortcomings in the use of the basic production assets in industry, and there has been delay in bringing the new production facilities to their rated capacities.

In the food, fish, and meat-and-dairy industries large losses of raw materials, and departures from technological specifications have occurred, and this has had a direct effect on the quality of the products. Little attention has been given to extending the range of products. The engineering ministries have failed to provide enterprises in the light and food industries and the public utilities with adequate quantities of the latest highly productive equipment. The Ministry of the Timber and Woodworking Industry of the USSR and the Ministry of the Pulp and Paper Industry have failed to cope with the task of increasing the manufacture of

furniture, paper and cardboard. The quality of furniture has not always satisfied the consumer. There have been interruptions in the marketing of crockery, and many household articles.

Needless to say, we do have many enterprises whose products have won a good reputation. Good consumer products are made by many enterprises in the light and food industries, and also in the ship-building, electronics, aircraft, defence, instrument-making and radio industries. The task is to have all the enterprises without exception do likewise, so that all the goods they turn out are of a high quality and meet the increased requirements of the population.

The Party requires that every administrator should have a high sense of duty to the people, approach the fulfilment of economic tasks with state interests in view, display constant concern for improving the working conditions of personnel, make day-to-day persistent efforts to raise socialist discipline, to organise labour, production and management on rational lines, and rapidly to apply scientific and technical achievements in production.

Drawing up the overall result, it is safe to say: our country has been successfully advancing in the political, economic and social respects along the way of communist construction.

All our accomplishments in the eighth five-year period have been the result of the great creative endeavour put in by the Soviet people under the leadership of the Communist Party.

The Soviet people's fine feat of labour in the past five-year period will go down as another bright page in the history of communist construction!

II.

BASIC SOCIO-ECONOMIC TASKS OF THE NINTH FIVE-YEAR PLAN

Comrades, the draft Directives are a programme for implementing the Party's economic policy, and solving the key socio-economic problems at the present stage of development of socialist society.

The Ninth Five-Year Plan will be an important stage in Soviet society's further advance along the way to communism, in building its material and technical basis, and in strengthening the country's economic and defence might. *The main task of the five-year plan is to ensure a considerable rise of the people's material and cultural level on the basis of a high rate of development of socialist production, enhancement of its efficiency, scientific and technical progress and acceleration of the growth of labour productivity.*

In putting forward the task of considerably raising the material and cultural level of the people's life, the Party proceeds from the real possibilities created by the whole preceding development of socialist production, from the increased resources of our socialist economy, which are expressed in the country's national income.

In the ninth five-year period, the average annual national income is to reach 325 thousand million rubles, as

against 233 thousand million rubles in the eighth five-year period, totalling 1,625 thousand million rubles in the ninth five-year period as a whole. That is the material foundation for carrying out the tasks of the Ninth Five-Year Plan.

Our people is full master of its national income. In socialist society there is no antagonism between accumulation and consumption, which is inherent in the capitalist system: in this country both are used entirely in the interests of the whole people.

The balanced development of the socialist national economy requires that the proportions in the distribution of the national income should be scientifically determined with Marxist-Leninist theory as the guide, that full account be taken of all the factors—the scale of production achieved, the people's living standard, the international situation, and the tasks and prospects of economic development.

From the tasks and conditions of the present stage of communist construction flow the following fundamental features of the new five-year period which are organically interconnected:

first, an even more massive switch of the whole national economy towards improving the people's welfare and their working and living conditions. A considerable increase in resources allotted by the state for raising the welfare of the people is characteristic of the past and of the new five-year period. In the eighth five-year period, the increment of these resources came to 57 thousand million rubles, and for the ninth five-year period it is planned at 75-81 thousand million rubles;

second, greater intensification of the whole of social production and its greater efficiency on the basis of a substantial acceleration of scientific and technical progress. This should be promoted by a considerable improvement in the structure of production, manufacture of technically perfect machinery, equipment and new materials, and extension in the range of products.

The draft Directives set the following key indicators for the development of social production in the ninth five-year period.

	1970	Increment for five years		
		1975	1966-1970	1971-1975
National income (in comparable prices), thousand million rubles	266.3	365-373	77.2	99-107
of which:				
consumption fund	197.2	272-278	56.8	75-81
accumulation fund	69.1	93-95	20.4	24-26
Industrial output (in comparable prices), thousand million rubles	373	528-544	125	155-171
Agricultural output (annual average for the five-year period in comparable prices), thousand million rubles	80.3	96-98	14	15.7-17.7
Growth of labour productivity, %				
in industry	—	—	32	36-40
in agriculture				
(collective and state farms)	—	—	35	37-40
in construction	—	—	22	36-40

In the new five-year period, *high growth rates for the whole national economy* are to be maintained. In the five years, the national income is to go up by 37-40 per cent, industrial output by 42-46 per cent, and the annual average agricultural output by 20-22 per cent. Provision is made for production of the means of production in the five years to go up by 41-45 per cent, and production of the articles of consumption by 44-48 per cent.

The draft Directives take full account of the targets set by the July (1970) Plenary Meeting of the CC CPSU, which laid down the guidelines for the development of agriculture.

It should be emphasised that never before have such vast monetary and material resources been allocated for the development of agriculture and branches connected with the manufacture of goods for the population as in the current five-year period. We are sure that this will soon yield results, and have a tangible effect on the further raising of the people's living standard in town and country.

The Soviet Union, a powerful socialist country, is a leader in the worldwide scientific and technical revolution.

In the ninth five-year period, *a major step is to be made in realising the achievements of the scientific and technical revolution*, which has been exerting an ever growing influence on social production. The scientific and technical revolution

opens up possibilities for a radical transformation of production methods, development of fundamentally new and highly productive instruments of labour, and progressive materials, spawns new industries, and ensures unprecedented possibilities for enhancing the efficiency of the whole production activity.

In the capitalist countries, the bourgeoisie has been using the achievements of this revolution in its own class interests. However, the scientific and technical revolution has been aggravating the social contradictions inherent in capitalism. Thus, for instance, some acceleration in labour productivity growth in the USA in the past few years has gone hand in hand with rising unemployment; millions of working people have been laid off from factories and plants.

The aggravation of class contradictions is evidenced by the steady growth of the strike movement. According to official data issued by the US Department of Labour, the number of man-days lost through strikes increased from 97 million in 1961-1965 to almost 220 million in 1966-1970.

The socialist system alone creates boundless possibilities for scientific and technical progress. In contrast to the capitalist economy, the high stable growth rates in socialist production assure the Soviet people of full employment, with an accelerated growth of labour productivity.

Only thanks to socialism, and only within the framework of our social system, does the scientific and technical revolution attain its full and comprehensive development, whose results go to all the working people.

The draft Directives provide for priority growth rates in branches which determine technical progress. In the five years, output in industries like electric power, chemicals and petrochemicals, engineering, instrument-making, production of the means of automation, computers and equipment for mechanising labour-intensive operations is, on the whole, to go up by 67 per cent.

Realisation of the possibilities of the scientific and technical revolution demands ever greater outlays. However, at every stage of its development the state has at its disposal definite resources which it can use for these purposes. Hence the need for choice and for preferential development of the key lines of scientific and technical progress, and the formulation and consistent implementation of a uniform state tech-

nical policy. The basic tasks of this policy are set out in the draft Directives.

The first task is to develop qualitatively new instruments of labour, new materials and improved technologies. Rather than go on with existing practices, there is need to aim at a level that is above the best world standards. That is the only way to produce machinery meeting the requirements in the construction of the material and technical basis of communism, and to ensure full victory in the economic competition with capitalism.

The second task is to speed up the rate of renewal and replacement of obsolescent plant. By 1975, the share of new production assets commissioned over the five-year period will come to 46 per cent in industry and to 60 per cent in agriculture. This will substantially raise the technical level of production. Fulfilment of plans for new machinery must become a key criterion in evaluating the work of ministries and enterprises, and also the results of socialist emulation in every branch of the national economy.

One of the primary tasks is extensive mechanisation of labour-intensive operations to make possible the maximum substitution of machines for manual labour. Complex mechanisation of the key production processes in industry, building, agriculture and transport is to be completed. It is necessary to switch on a broader scale to the design of machine systems, and to introduce extensively automated management systems.

The scale of chemisation of the national economy, use of chemical products and materials in the leading branches of industry and in agriculture, and introduction of chemical technological processes should be extended to the utmost. This is an important factor in enhancing the efficiency of social production.

The ever growing volume of production, and the tasks of enhancing its efficiency to the utmost require a complex approach to the development not only of basic production but also of the allied back-up lines of production. Nor should such sectors as storage and packing facilities be overlooked, for on their state depend the safekeeping of and economies in raw and other materials and finished products.

The whole system of relations involving profit-and-loss accounting, notably economically warranted prices for products and the forms of financing and crediting enterprises,

must actively promote the tasks of accelerating technical progress.

Our science has a great part to play in accelerating technical, economic and social progress. It can fulfil its role successfully if the rapid implementation of the whole complex of operations—from research and development to the application of their results to production—is ensured.

We greatly appreciate the contribution made by our scientists to enhancing our country's economic and defence potential. Our scientists—theorists and experimentators—have all the necessary conditions for fruitful scientific endeavour.

However, we are not always satisfied with the results of research. The research being carried on by some academic and sectoral institutes and institutions of higher learning is insufficient for a solution of key problems in scientific and technical progress.

The further enhancement of the efficiency of research depends on the creative activity of scientific workers. There should apparently also be an improvement in the system of remuneration for scientists so as to take greater account of the actual contribution made by each to scientific and technical progress. This will help to improve the body of scientific personnel, and make research more productive. Production amalgamations must play a big part in consolidating the bonds between science and production. It is advisable to concentrate at these amalgamations the planning and conduct of applied scientific research, and design and experimental work, which should ensure rapid practical utilisation of scientific achievements.

The Party's line *towards intensifying production* determines the need considerably to enhance the productivity of social labour and economies in raw and other materials, improve use of production assets, increase efficiency of capital investments through the introduction of new machinery, scientific organisation of production and improvement of methods of managing the national economy.

In the ninth five-year period, it is planned to raise *labour productivity in industry* by 36-40 per cent, as against 32 per cent in the last five-year period. Labour productivity on collective and state farms is to rise by 37-40 per cent, as compared with 35 per cent in 1966-70. In construction, labour productivity is to go up 36-40 per cent, as against 22 per cent in the preceding five-year period. These targets are of cru-

cial importance for our whole economic development programme. A rise in the living standards directly depends on the growth of labour productivity. In the ninth five-year period, we must obtain 80-85 per cent of the total national income increment through higher labour productivity.

The targets for accelerating the growth of labour productivity are quite realistic. The possibility of their fulfilment is backed up by a rising level of technical equipment of production.

Together with the mechanisation of labour there is need systematically to improve the organisation of production and labour, to spread advanced methods of work, and drastically reduce losses of working time. We cannot be reconciled to the fact that idle time within shifts at some industrial enterprises comes to 15-20 per cent of total working time. Special attention must be devoted to an improvement of the organisation of ancillary operations, in particular, materials handling, where great numbers of workers may be released for use in the basic production processes.

This is important because, with our high level of employment, we cannot expect to have a great growth of production through an increase in the number of workers. Another thing to bear in mind is that in the new five-year period considerably greater numbers of workers are to be directed into the sphere of cultural and everyday services for the population.

There is need to ensure a further improvement of working conditions and labour protection for workers and office employees, and to build adequate capacities for manufacturing modern means of labour safety and labour protection.

Big measures for reducing the material-intensiveness of products are to be implemented. This is a vast reserve in our economy which is still far from being adequately tapped.

Greater extraction of fuel and mineral raw materials, and increased metal production obviously call for large capital inputs. Consequently economies in raw and other materials will make it possible to cut the costs of production and considerably to reduce the requirements in manpower and capital investment. Considering our scale of production, economies in raw and other materials become vast additional reserves.

In order to obtain the maximum results from a reduction

of material-intensiveness there is need for novel scientific, technical and design schemes, new technologies in the processing of raw materials, and a reduction in the weight of articles. It is well known that the great weight of an article in no sense testifies to its high technical qualities, and that, on the contrary, the lighter article is, as a rule, the technically more advanced. In order to reduce the weight of machines, while maintaining and even improving their technical specifications, there is need to raise the level of design, and also the general technical level of production. Thus reduction of the material-intensiveness of output must become a criterion in evaluating the scientific and technical level of production in the given branch, at every enterprise. Work must be so arranged that more finished products are made from the same quantity of raw materials. In this matter, together with the extensive use of modern scientific methods in technology and the organisation of production, great importance attaches to thrift and strict accounting of material outlays. This must be provided for in the plan of every enterprise.

There is need to do much work *in improving the use of production capacities and basic assets*. It has to be said that many enterprises in some branches still show a reduction of the product-to-assets ratio, that is, a reduction in output per ruble of basic production assets.

The product-to-assets ratio largely depends on the quality of design and the cost of construction. It should be our aim to have the output per ruble of basic production assets and profitability and labour productivity at the new enterprises and in new lines of production higher than at the old ones. This requires that design offices and building organisations should produce more effective technical schemes, and considerably cut down on the time and cost of construction, and that industry should more rapidly start operation of new assets and capacities.

It follows from what has been said that it is necessary to work to improve every indicator of efficiency: labour productivity, material-intensiveness and the product-to-assets ratio, so as ultimately to achieve greater economies in all the outlays of social labour.

The growth of production and the enhancement of its efficiency, provided for by the draft Directives, create a reliable foundation for the fulfilment of an *extensive social*

programme in the ninth five-year period. This programme includes:

- implementation of a system of measures to improve the living conditions of all sections of the population;

- more rational use of manpower resources, and a further improvement in working conditions;

- a faster rate of growth of the people's incomes, together with an improvement in the mechanism of their distribution, systems of remuneration and economic incentives for workers;

- a considerable increase in appropriations for the upbringing of the rising generation, assistance to families with many children, and improvement of working and everyday conditions for women;

- a further growth in the cultural and technical levels of the population and the full introduction of universal secondary education;

- a substantial evening up of the living standards of the rural and the urban population.

The growth of the people's living standard is, on the whole, characterised by the fact that the aggregate real incomes of the population during the new five-year period will increase by a total of 72 thousand million rubles as against the increase of 54 thousand million rubles during the preceding five-year period. In terms of per head of population real incomes will rise by approximately 30 per cent.

Our enemies slander socialism in an effort to make uninformed people believe that the socialist system is, allegedly, incompatible with highly efficient labour organisation and with incentives for the working people to display and develop ability. Actually, socialism and communism signify the triumph of free, creative labour. The socialist state plans and creates the conditions for the growth of the labour productivity of every worker, for improving his qualifications and, on that basis, ensures the growth of incomes and an improvement of the living standard of the entire population. Much has already been done. During the ninth five-year plan period much more will be done to promote the fruitful labour of all the members of our society.

Comrades, at every stage of its development the Soviet economy has clearly demonstrated its incontestable advantages over the capitalist economy.

These advantages have made it possible to build, within

a historically short period, a large-scale and technically modern industrial base, to train many millions of highly skilled personnel for every branch of the national economy, and to draw vast natural resources into the economic sphere. Our economy is free from crises, recessions, and other economic upheavals.

Our country's steady advance is expressed above all in the rate of its economic growth, and in the rapid build-up of its production potential. Here are the data for the past period, 1970 inclusive:

It took the USA 20 years to double its national income, Britain over 30 years, the FRG nearly 15 years, and the Soviet Union, with its vast scale of social production—10 years.

It took the USA 18 years to double its industrial output, Britain 22 years, the FRG over 11 years, and the Soviet Union—8.5 years.

It took the USA 22 years to double its basic production assets, Britain 19 years, the FRG 10 years, and the Soviet Union—8 years.

Such are the strides of the socialist economy. They provide convincing evidence that our economic development is balanced and dynamic. None of these capitalist countries has an economy that is as dynamic.

Ahead of us in the economic competition between the two opposite social systems still lies a long and hard struggle. We Communists are confident that the ultimate outcome of this struggle will be in favour of socialism.

Fulfilment of the ninth five-year plan targets will ensure a fresh upswing in our economy, and make it possible considerably to raise the Soviet people's living standard.

III. DEVELOPMENT OF MATERIAL PRODUCTION

Comrades, the draft Directives map out a comprehensive programme for the development of all branches of material production. I shall deal with some of the most important tasks.

Industry. It is planned to increase industrial output to 528-544 thousand million rubles in 1975. Let me remind you that a total of 248 thousand million rubles' worth of output was produced in 1965. The volume of industrial output in our country will thus be more than doubled within a decade.

The uninterrupted increase of output is a law of development of our industry. In the new five-year plan provision is made for the rapid growth of all its branches. The following few figures illustrate how industrial output grew in the course of three five-year plan periods. For example, during the seventh five-year plan period the absolute increment in industrial output amounted to 84 thousand million rubles, during the eighth it added up to 125 thousand million rubles, and in the ninth it will total as much as 155-171 thousand million rubles.

Heavy industry has been and remains the foundation of the country's economic might and of the further growth of the people's standard of living. It ensures technical progress and the development of the entire national economy, including agriculture and branches engaged in the production of consumer goods, and boosts the Soviet state's defence capability. These are tasks of paramount importance to our people. We are confident that heavy industry workers will honourably cope with them.

First, mention must be made of the *fuel and power industries*. The task of these industries is to satisfy the growing fuel and power requirements of the national economy and the population and improve the fuel and power pattern.

The output of fuel and power during the new five-year plan period will be as follows:

	Output		Absolute Growth of Output	
	1970	1975 according to the draft Directives	8th Five-Year Plan	9th Five-Year Plan
Electric power (thousand million kwh)	740	1,030-1,070	233	290-330
Oil (without gas condensate) (million tons)	349	480-500	107	131-151
Natural gas (thousand million m ³)	198	300-320	70	102-122
Coal (million tons)	624	685-695	46	61-71

New power stations with an aggregate capacity of 65-67 million kw are to be placed in operation during the five years. It is important to note that 12 per cent of the total increase in capacities will come from atomic power stations.

During the coming five years we shall launch a broad programme for the building of atomic power stations, chiefly in the European part of the country, where fuel resources are limited. This programme envisages the commissioning, over the next 10-12 years, of atomic power stations with a total capacity of 30 million kw. This will reduce capital investments for the development of the coal industry by 3 thousand million rubles. We could not start such a programme during the last five-year period because the engineering industry was then not prepared for the manufacture of the necessary quantity of equipment for atomic power stations.

Other radical changes aimed at further accelerating technical progress in this field will take place in the development of the power industry under the Ninth Five-Year Plan. In the thermal power industry it is planned to build large, up to 4,000,000 kw, power stations with generating units not only of 300,000 but also of 500,000, 800,000 and 1,200,000 kw each. This will result in a substantial saving of fuel and sharply step up labour productivity in the power industry.

The Integrated Power Grid of the European part of the USSR was completed during the past five-year period. The building of the Integrated Power Grid of the USSR is now to be continued. We shall soon be able to transmit electric power from Siberia and Kazakhstan to the European regions. Almost all the collective and state farms are to be connected to the state power grids.

Under the ninth Five-Year Plan large-scale oil production is to be started at the huge new oilfields at Tyumen and Mangyshlak which will account for 75 per cent of the total increase in the output of oil. A most important task in the old oil-extracting areas of the country's European part is the fuller extraction of oil. To carry out this task it will be necessary to make wider use of efficient methods of oil displacement. An enormous increase in the output of gas will be achieved mainly by developing the new remarkable deposits in Orenburg Region, the Komi Autonomous Republic, Tyumen Region and the Uzbek and the Turkmen Union republics. These deposits will become the country's major sources of gas. Large-diameter pipelines are to be laid for the efficient pumping of vast quantities of oil and natural gas over the thousands of kilometres lying between the oil and gas fields and the major consumer areas.

In the oil-refining industry special attention must be given to the output of high quality oil products, chiefly low-sulphur diesel fuel, high-octane car petrol and lubricants with highly effective additives.

The draft Directives call for technical re-equipment of the coal industry in order to secure a considerable cut in the cost of coal extraction and improve the working conditions of the miners. The emphasis will be mostly on developing open-cast mining in large quarries; this method of mining will account for nearly one-third of the entire coal output. Comprehensive mechanisation and automation of arduous processes, particularly underground work, will make it possible to raise labour productivity in the coal-mining industry by about 40 per cent as against 20 per cent during the preceding five years. This means that the 11 per cent increase in coal output as envisaged in the new five-year plan will be achieved with 20 per cent fewer miners.

The second major group of industries whose development must be mentioned consists of the *raw material in-*

dustries. Their main task is to keep the national economy supplied with the needed quantity and range of high quality raw and other materials thoroughly prepared for subsequent processing.

The draft Directives call for the output of major kinds of raw and other materials in the following volumes:

	Output		Absolute Growth of Output	
	1970	1975 according to the draft Directives	8th Five-Year Plan	9th Five-Year Plan
Steel (million tons)	116	142-150	25	26-34
Output of the chemical and petrochemical industries (thousand million rubles)	21.1	36.2	9.3	15.1
Plastics and synthetic resins (thousand tons)	1,672	3,457	869	1,785
Chemical fibres (thousand tons)	623	1,050-1,100	216	427-477
Pulp (thousand tons)	5,110	8,490	1,875	3,380
Paper (thousand tons)	4,185	5,560	954	1,375
Cement (million tons)	95	122-127	23	27-32

During the five-year period the output of ferrous metals is to increase 28 per cent, and non-ferrous metals 40 per cent.

In the metallurgical industry there is to be a considerable increase of unit capacities. It is planned to continue building blast-furnaces with a useful volume of 3,200 cubic metres, and provision is made for the building of a blast-furnace with a volume of 5,000 cubic metres in 1975. The share of the steel smelted in oxygen converters will increase to 30 per cent of the total steel output; the maximum capacity of converters is to be enlarged from 130 to 350 tons. There is to be a substantial growth in the output of steel produced by continuous pouring.

Iron ore is to be more thoroughly treated in preparation for smelting. The metallurgical industry must supply machine-builders with a wider range of shapes and sizes of rolled stock with the smallest possible deviations from nominal sizes (precision blanks) so as to reduce their working to a minimum in the engineering industry. It is planned to effect a further acceleration of the development of the pipe production and build new capacities for the production of large-

diameter gas pipes, thin-walled pipes for the engineering industry and heavy-duty pipes for the oil and gas industries.

To attain the level of non-ferrous metals production envisaged by the draft Directives it will be necessary to complete the building of the aluminium plants in Bratsk, Krasnoyarsk and Irkutsk and to enlarge and reconstruct the complexes in Norilsk, Djezkazgan, Almalyk and Gai. More attention must be given to the building of a reliable and stabler raw-material base for the non-ferrous industry. An important task is to secure a further increase in the output of diamonds, and gold and other precious metals.

The huge funds that the state has invested in the chemical industry in past years must yield a full return during the new five-year plan period. The output of mineral fertilisers will reach 90 million tons, of which 80 per cent will comprise highly concentrated and composite fertilisers. The output of chemical fibres is to increase more than 70 per cent, of plastics and synthetic resins 100 per cent and of household chemicals 90 per cent.

To characterise the scale of development of chemical production and its technical equipment I shall give you the following example. Units producing 400,000-450,000 tons of ammonia are at present under construction at the chemical plants in Nevinomyssk, Severodonetsk and Novomoskovsk. The capacity of one of these units is approximately equal to the output capacity of all the ammonia factories that were in operation in our country in 1948. These units yield a labour productivity which is 10 times higher than that of the existing lower-capacity units.

The rubber industry is to grow rapidly. The output of tyres will reach 50 million units by 1975. Rubber production is to increase 70 per cent.

In order to speed up the expansion of the chemical industry, it is extremely important to achieve a fully balanced output of all kinds of chemical products: primary raw materials, chemical materials and semi-finished and finished articles.

In the timber and woodworking industry special attention must be given to making fuller use of timber. During the new five-year plan period the utility ratio of timber is to be raised to 75 per cent through comprehensive, chemical and mechanical processing. As a result the output of fibre board will go up 180-190 per cent and of pulp 70 per cent.

The *engineering industry* is the material foundation for the technical re-equipment of the entire national economy. Its principal task is to supply highly efficient machines and equipment to all industries. The productivity of the new machines must be higher and the cost per unit of capacity must be reduced.

The draft Directives envisage the following volume of output of engineering products:

	Output		Absolute Growth of Output	
	1970	1975 in accordance with the draft Directives	8th Five-Year Plan	9th Five-Year Plan
Output of the engineering and metalworking industries (thousand million rubles)	88	148	37	60
Motor vehicles (thousand units)	916	2,000-2,100	300	1,084-1,184
of which passenger cars (thousand units)	344	1,200-1,300	143	856-956
Instruments, means of automation and spare parts for them (million rubles)	3,102	6,155	1,684	3,053
Machines and equipment for the light and food industries (million rubles)	771	1,564	263	793
Farm machinery (million rubles)	2,115	3,500	619	1,385
Tractors (thousand units)	458.5	575	104	116.5
(million hp)	29.4	53	8.4	23.6
Grain harvester combines (thousand units)	99.2	138	13.4	38.8

The task confronting machine-builders is to supply all branches of the national economy more fully with machinery for the mechanisation of arduous manual processes, and chiefly with systems of machines for the comprehensive mechanisation of key production processes in all branches, particularly in agriculture. The plan is that by 1975 the output of farm machines is to increase 65 per cent, while tractor production is to rise 25 per cent with a considerable enlargement of the range of tractor models and an increase of their unit capacity.

The production of instruments and means of automation is to be doubled; and there is to be a substantial development of scientific-instrument making. The output of electronic computers is to increase 160 per cent.

Under the new five-year plan there is to be a big advance in the development of the Soviet motor-vehicle industry. The production of 22 new types of lorries and tractor trucks is to be mastered and their payload increased. The plan will provide for measures that will additionally step up the output of trailers for lorries and wheel tractors. One of the major projects of the five-year plan, the Kama Auto Works, will annually produce 150,000 diesel lorries and truck-and-trailer trains.

The Volzhsky Car Factory, which is to be completed in 1972, is currently being placed in operation. The rated annual capacity of this plant is 660,000 passenger cars. The output of Moskvich cars is to be doubled to reach the figure of 200,000 a year after the reconstruction of the Lenin Komsomol Car Factory in Moscow is completed. Already this year the new Izhevsk Works will manufacture 70,000 cars. Its full rated capacity will allow it to produce 220,000 cars annually. All this will make it possible to increase the production of passenger cars to 1,200,000-1,300,000 by 1975, as against the 344,000 produced in 1970.

In order to enable the engineering industry to cope with the big tasks assigned to it, its own technical re-equipment must be speeded up. Here the decisive role is to be played by the machine-tool industry. Under the new five-year plan there will be a substantial improvement of the pattern of equipment output: more forging and pressing, foundry and welding equipment, grinding and finishing as well as high- and extra-high precision machines are to be produced. The output of automated and semi-automated production lines for the engineering industry is to grow by 60 per cent. Production of programme-controlled machines is to be increased by at least 250 per cent with the result that it will be possible to boost labour productivity 3-4-fold.

The replacement of obsolete plant at operating factories will considerably raise the technical level of the engineering industry. This will absorb 25-30 per cent of the output of metal-cutting lathes and at least 30 per cent of forging and pressing machines.

A major condition for the rapid development of the engineering industry under the new five-year plan is the pursuance of a firm course towards the further specialisation of production. Specialised factories with a high automation level are to be given priority development. Maximum unification of machine parts, units and tools and also standardisation of technological processes must serve as the foundation for the development of centralised and specialised production. At the same time, there must be a considerable expansion of the manufacture of materials handling equipment, power tools, special-purpose equipment and jigs and fixtures.

A higher shift coefficient will constitute a big reserve in the engineering industry. According to the estimates of the State Planning Committee of the USSR, this will result in an additional output worth 7,000-8,000 million rubles and a saving of about 6,000-7,000 million rubles of capital investment. A major requisite for raising the shift coefficient will be mechanisation of labour, which will allow of transferring people from arduous auxiliary jobs to skilled work in the second shift.

In view of the considerable rise of the Soviet people's standard of living, envisaged by the draft Directives, the tasks and role of the *consumer goods industries* are to grow.

The following output levels are set in the draft Directives for these industries:

	Output		Absolute Growth of Production	
	1970	1975 according to the draft Directives	8th Five-Year Plan	9th Five-Year Plan
Light industry output, cultural and household articles (thousand million rubles)	76.5	112.4	27.4	35.9
Furniture (thousand million rubles)	2.8	4.55	1.0	1.75
Refrigerators (thousands)	4,140	6,686	2,465	2,546
Fabrics (thousand million m ²)	8.9	10.5-11	1.4	1.6-2.1
Leather footwear (million pairs)	676	800-830	190	124-154
Food, meat-and-dairy, and fishing industry output (thousand million rubles)	78.8	106.6	19.3	27.8

To ensure the envisaged growth of the output of these goods, it will be necessary to supply more equipment to enterprises of the light and food industries. The production of equipment for them will be doubled. For instance, the textile industry will receive highly efficient spindleless spinning frames, shuttleless looms, finishing equipment, semi-automated and automated transfer lines and other plant, which will raise labour productivity 50-100 per cent. Approximately one-third of all spinning frames and looms are to be replaced with new equipment. The food industry will be supplied with comprehensively automated and mechanised lines for the processing of raw materials, and for bottling and packaging foods. The equipment of the light and food industries with up-to-date plant is a major task of the Ninth Five-Year Plan. And we must carry out this task.

There is to be a substantial expansion of the raw material resources of the light and food industries. The output of new synthetic materials is to be stepped up and supplies of agricultural raw materials will be increased.

All this will make it possible to increase the production of fabrics by 19-24 per cent, knitted goods by 47 per cent and footwear by 18-23 per cent.

The output of foodstuffs will be considerably enlarged. It is planned to produce 40-43 per cent more meat and 47 per cent more fish products in 1975 than in 1970. At the same time, the assortment of meat and fish products must be improved.

The draft Directives call for an 80 per cent rise in the output of goods for cultural and household needs. In drawing up the five-year plan the State Planning Committee of the USSR, the Union republics and the ministries and departments must give further consideration to the possibility of further increasing the output of these goods in order to satisfy the population's demand more fully.

In the development of the production of consumer goods the heavy industry is called upon to play an important role. In 1975 consumer goods output of all its branches will be almost double the 1970 figure, while the engineering industry will increase output of these goods by 120 per cent. There is to be a considerable expansion of the consumer goods output by the local industries.

The huge scale of production and modern scientific and technical progress require increasingly better organisation of

the work of industry. Particular importance attaches to precision and efficiency in the work of ministries, amalgamations and enterprises, to the absolute fulfilment of inter-enterprise delivery commitments, to the thorough study of the requirements of the national economy and the population, to the swift and flexible reorientation of production in accordance with changes in these requirements and to a sense of high responsibility to the state and the people for the introduction of the latest achievements of science and technology in production.

We are confident that the workers, engineers and technicians of our industry will continue to be, as they have always been, in the forefront of the drive for new machinery, the most advanced organisation of production and a higher labour productivity.

Agriculture. A highly developed agriculture is an inalienable part of the material and technical basis of communism and an indispensable condition for a rapid rise of the people's living standard.

The following basic indicators will characterise the development of agriculture in the new five-year period.

	Average Annual Output in 1971-1975	Absolute Average Annual Increment of Output under the 9th Five-Year Plan
Gross agricultural output (thousand million rubles)	96-98	15.7-17.7
Major farm products:		
grain (million tons)	195	27.5
raw cotton (million tons)	6.75	0.65
meat (slaughter weight— million tons)	14.3	2.7
milk (million tons)	92.3	11.8
eggs (thousand million)	46.7	10.9
wool (thousand tons)	464.0	67

During the ninth five-year period agriculture must yield an average annual of 16-18 thousand million rubles' worth of output more than during the preceding five years, mainly within the same areas.

Increasing grain production remains the key problem. During the five-year period grain yields must be increased

by at least 4 centners per hectare. Though not an easy task, this is quite feasible.

The draft Directives call for a growth in the number of livestock and poultry, an increase in their productivity and an expansion of the output of meat, milk, wool and other products.

The strengthening of the material and technical base of farming and the utmost intensification of farm production are the decisive condition for the further rise of agriculture.

The draft Directives provide for the supply to agriculture of tractors, harvester-combines, lorries, farm machinery and other material and technical facilities fully in accord with the decision of the CC CPSU Plenary Meeting of July 1970.

During the five years agriculture's power capacities are to be increased by 161 million hp, or 50 per cent, and its tractor fleet by 540,000 tractors, or 27 per cent. The collective and state farms will begin receiving powerful tractors from the Volgograd, Kharkov, Minsk, Chelyabinsk and Altai tractor plants, and the Kirov Engineering Works in Leningrad, and also highly efficient grain harvesters and other machines. There will be a considerable increase in the supply of machines and equipment for mechanising arduous processes and lightening labour in stock-farming.

It goes without saying that powerful modern machinery requires proper handling and care. The engineering, technical and production servicing of the collective and state farms by the Selkhoztekhnika organisation must be substantially improved.

In agriculture consumption of electricity will reach 75 thousand million kwh, i.e., it will be practically doubled.

One of the major tasks of the new five-year period is to secure the full introduction of the crop rotation system and to go over to sowing only high-grade varietal seed.

A tremendously important role in boosting the productivity of crop and livestock farming belongs to selection. The country expects our breeders to evolve high-yielding plant varieties and the most productive breeds of livestock.

In 1975 agriculture will get 75 million tons of mineral fertilisers and feed phosphates as against 46 million tons in 1970. The task is that in every soil-climatic zone the most effective methods of utilising mineral fertilisers should be applied. At the same time, it is necessary to increase the

output and use of chemical and biological plant protection means.

The primary liming of acid soils is to be completed throughout the non-chnozom belt.

During the new five-year period much attention must be given to carrying out a broad programme of land improvement, and creating bases with a guaranteed output of marketable grain in irrigated areas.

The building of irrigation systems must be speeded up so that at least one and a half million hectares of irrigated land are put to use in the Volga area, the North Caucasus and South Ukraine, and 650,000 hectares in Central Asia. In the high-humidity zone it is planned to drain an area of 5 million hectares. Pastures covering an area of over 41 million hectares are to be watered.

In agriculture the total volume of capital investments (by the state and the collective farms) has been set at nearly 129 thousand million rubles, or 47 thousand million rubles more than in the preceding five years. Moreover, the capital investments in industries supplying agriculture with materials and machines (the production of mineral fertilisers, farm machines, mixed feeds, electric power; also the development of the microbiological and other industries) are to be increased by 11.5 thousand million rubles to reach the total of 29.3 thousand million rubles during the five-year period.

All this will make it possible to substantially raise the level of labour mechanisation in agriculture, boost its productivity and secure a considerable advance in placing agricultural production on an industrial basis.

To accelerate the growth of the output of stock-farming and enhance its efficacy provision has been made for the building of mechanised stock units at collective and state farms and the setting up, near the towns, of large state- and collective-farm and inter-collective-farm complexes putting out livestock products by industrial methods, and also of poultry factories.

One of the immediate tasks in the development of stock-farming is to enlarge the fodder resources.

There must be a radical change in the attitude to the growing of fodder crops, more mineral fertilisers must be allocated for them, seed-farming must be conducted scientifically and the natural fodder areas must be used efficiently.

By the end of the five-year period state enterprises will

increase the output of mixed feeds to at least 30 million tons and of protein-vitamin additives to one million tons. The production of mixed feeds must be organised on a large scale on collective and state farms, using grain grown by these farms and the protein-vitamin additives received from state enterprises.

An increase of the number of livestock and poultry personally owned by the rural population must be encouraged (naturally, within definite limits) and help rendered in supplying their livestock with fodder and pastures.

The principle of establishing a stable procurement plan for the years ahead and of encouraging the farms to sell the main products to the state over and above the plan, which was approved at the CC Plenary Meeting in March 1965 and has fully justified itself, will remain in full force during the new five-year period. Profitability in agriculture must be further increased in these circumstances by raising output and reducing production costs.

We must achieve a sharp reduction of product losses at all stages of production, storage and transportation, and considerably enlarge the capacity of storehouses and refrigerators, and ensure an improvement of storage facilities. An end must be put to the situation in which part of the output, on the production of which the labour of our people has been expended, does not reach the consumer.

In agriculture the promotion of labour productivity is of major importance.

For the successful fulfilment of the tasks assigned to agriculture, better use must be made of economic levers, and the transfer of all the state farms to operation on a full profit-and-loss basis must be completed. The further growth of production in the commonly-owned sector of the collective and state farms depends in many ways on the strengthening of discipline, an improvement of labour organisation and of the distribution of incomes, broader application of the profit-and-loss principles, and the promotion and strengthening of collective-farm democracy in accordance with the Rules of the Collective Farm adopted at the 3rd All-Union Congress of Collective Farmers.

The big qualitative changes taking place in the material and technical basis of agriculture are making new demands on its management system. The large-scale highly-mechanised economy of the collective and state farms is drawing ever

closer to modern industrial production. Hence the need to apply in agriculture modern forms and methods of management, make wide use of means of mechanisation and automation of management processes and train skilled personnel.

Fulfilment of the tasks set by the Party and the Government in the development of agriculture is the concern of the entire people. There is no doubt that the collective farmers and the state-farm workers, those working in industries supplying agriculture with materials and machinery, and those employed in building, will do everything to attain the five-year-plan targets successfully.

Transport and communications. In order to enhance the efficacy of social production it is imperative that transport should operate with precision and efficiency. However, at present railway and motor transport does not yet fully satisfy the requirements of the national economy, particularly in the autumn and winter.

The following are the indicators for the volume of transport operations planned for the five-year period:

	Rate of growth in 1971-1975
Freight carried by all forms of transport	32-35 per cent
of which:	
railways	22 per cent
motor (general purpose)	60 per cent
marine	40 per cent
river	24 per cent
oil-pipe	over 100 per cent
Passengers carried by all forms of transport	40 per cent
of which:	
air	70 per cent

Under the new five-year plan transport workers are to increase freight traffic by 32-35 per cent, with the railway transport achieving this growth entirely by enhancing labour productivity.

About two-thirds of the entire freight traffic is at present accounted for by *railway transport*. In the preceding five-year period we had set the task of in the main completing the transfer of the railways to advanced forms of traction. That assignment has been carried out: today 96.5 per cent

of all freight is hauled by electric and diesel locomotives. In the ninth five-year period another 6,000-7,000 kilometres of railways are to be electrified. More powerful locomotives will be manufactured and this will make it possible to increase the weight and speed of trains. Machine-builders must supply the railways with 420,000-430,000 freight cars, mostly all-metal, with a large pay-load and fitted with roller bearings.

Lines with the heaviest freight traffic, for instance, Moscow-Kazan-Sverdlovsk, Leningrad-Murmansk, Tselinograd-Barnaul and Karaganda-Tashkent, are to get second tracks. Special attention will have to be given to the development of station tracks and the introduction of the latest means of automation and remote control in the handling of railway traffic.

It is planned to lay a number of new railways during the five years. Among these projects it is intended to complete the 700-kilometre Tyumen-Surgut railway, which will link the oil-rich regions of Western Siberia with the country's railway network, and the Khrebtovaya-Ust-Ilim railway, which will make it possible to speed up the development of a new region in Eastern Siberia, where the Ust-Ilim Hydro-power Station is being built.

As a result of carrying out the planned projects, the railways will meet the transportation requirements of the national economy much more fully by the end of the five-year period.

The task before *motor transport* is to intensify centralised carriage which is the most economical, provide enterprises with better transport services and relieve the railways of part of their short-run haulage. For this purpose the lorry fleet will be considerably augmented.

In order to improve the transport services for the population the bus fleet will be substantially enlarged in the towns and in rural localities. There will be considerably more taxis and also privately owned cars.

This substantial development of motor transport will require the training of a large number of skilled drivers and an enlargement of the repair and service facilities, including the establishment of a large network of service stations.

Hard-surface motor roads will be lengthened by approximately 110,000 kilometres. We regard this figure as a mini-

mum. The Councils of Ministers of the Union, republics and the local Soviets must find additional possibilities for building roads, using local resources on a larger scale and giving every support to the initiative of factories and collective and state farms. It is particularly important to provide the roads with all the facilities for safe and speedy traffic.

During the new five-year period the *merchant navy* will extend its activities in international shipping and in meeting the internal transport requirements of the national economy, particularly in the North and the Far East. The merchant navy will receive a large number of new ships. Many sea ports, particularly in the Far East, must be enlarged and equipped with up-to-date mechanisms.

The *river fleet* is to play a bigger role, chiefly in mixed carriage. Its task is to relieve somewhat the railways of the European part of the country by making better use of the Volga Basin and the Volga-Baltic waterway. The transport links with remote regions in Siberia will be improved. The fleet will get many new vessels, including sea-going and river ships. New mechanised ports are to be commissioned on the Ob, the Lena, in the Northwest and in other basins.

During the five-year period it is planned to more than double the *piping* of oil and petroleum products and thereby substantially relieve the railways. The transportation of gas by this means will increase by approximately 50 per cent.

Air-borne passenger traffic will increase by about 70 per cent during the five years. The fleet of aircraft will receive modern jet airliners, airport services for passengers will be improved and broader use will be made of automated navigation and landing systems. Considerably more use will be made of aircraft for geological surveying and prospecting, at building projects in areas that are difficult of access and also in agriculture and forestry, and for freight carriage to areas remote from other means of communication.

The common task of all modes of transport is to achieve a sharp improvement of the use of transport facilities. The State Planning Committee, the State Committee for Material and Technical Supplies, the Councils of Ministers of the Union republics and the ministries and departments should critically evaluate the existing transport links and transport communications between consumers and suppliers, and prevent irrational carriage.

The co-ordinated work of all modes of transport forming the country's integrated transport system, the correct distribution of traffic among them and the co-ordination of traffic control are of paramount importance. The immediate task of the workers in all modes of transport is to mechanise loading and unloading and to enlarge the volume of container transportation.

The national economy and the population are making steadily increasing demands on the *communications service*. During the ninth five-year period the work of building up an integrated automated system of communications is to be continued. The channels of the interurban telephone system are to be nearly doubled in length, and automatic and semi-automatic interurban communication is to be expanded.

Provision is made for the further development and improvement of local telephone communications in towns and at state and collective farms, and the postal service for the population is to be bettered. Particularly much has to be done in the sphere of television and radio-broadcasting. All the necessary technical possibilities exist for this. In particular, broader use will be made of artificial satellites ensuring television transmission to almost every part of the country.

Capital construction and the location of the productive forces. In order to fulfil the economic and social tasks of the new five-year plan it will be necessary to implement a large programme of capital construction. Our advance will depend in many ways on the successful fulfilment of this programme and on how effectively capital investments are used.

In 1971-1975 capital investments will total nearly 500 thousand million rubles, or approximately 40 per cent more than in the preceding five-year period.

The principal tasks for the next five years also determine our capital investment policy. In accordance with this, there are to be essential changes in the size of the capital investments channeled into individual branches of the national economy. State capital investments in agriculture will be increased by more than 70 per cent, in the tractor and farm machinery industries by approximately 100 per cent, in the development of the production of mineral fertilisers and plant protection chemicals by 60 per cent, in light industry by 90 per cent, and in the food and meat-and-dairy industry by 60 per cent. Altogether, about 30 per cent of all capital

investments in the national economy are to be directed into the development of agriculture and the production of food and consumer goods.

During the five years production capacities will be substantially increased in all branches of the national economy. It would not be possible to list even the largest projects of the next five years because each republic plans to build power stations, metalworking and chemical plants, and light industry and food enterprises. The title list of the new projects will be specified and discussed with the Union republics and the ministries in the course of work to draw up the five-year plan.

The utmost enhancement of the efficacy of capital investments is one of the major economic targets of the next five years. The selection of the concrete ways of rationally using capital investments requires profound economic and engineering computations. The biggest effect will be yielded by an increase of the capacities of operating enterprises through the introduction of the most up-to-date technologies, modernisation and the replacement of obsolete plant.

The production development funds have begun to play a large role in technical re-equipment, modernising plant and improving working conditions. Preliminary estimates show that for these purposes during the five years enterprises and amalgamations will be able to use about twice as much money as during the past five years. The plan will envisage the necessary material backing for the projects financed out of these funds. Ministries and departments must help enterprises to carry out the latter's building plans financed out of their own production development funds and see to it that these funds are used for the stated purposes.

The quality of designing must be improved and an end must be put to cases of inaccuracy in estimating the cost of construction. Estimates must become a firm foundation for the plan of capital investments and the profit-and-loss accounting relations between the client and the contractor. Here, there must be strict order.

The CC CPSU and the Government have adopted decisions aimed at achieving a radical improvement of capital construction planning and the drawing up of designs and estimates. These decisions must be put into effect more quickly. The ministries and departments, the Councils of Mi-

ministers of the Union republics and the State Building Committee of the USSR must delve deeper into questions of designing, make higher demands on design organisations and intensify control over the quality of designs.

We have a powerful building industry with large building and assembly organisations, skilled cadres and a big fleet of machines and mechanisms.

During the past five years the basic production assets of contracting organisations have grown by 83 per cent, and the machine-to-man ratio in construction has gone up by 53 per cent. Nearly 15 thousand million rubles are to be allocated for the further development of the building industry in the next five years, as against the 11.5 thousand million rubles under the Eighth Five-Year Plan.

Today the main thing for all building organisations, and for recipients and suppliers of equipment, is to secure a drastic tightening of building schedules. With present-day powerful, highly productive installations and technological complexes every day saved means a substantial addition to the output of major types of products. Thus, the reduction of the building time of a large blast-furnace by only one day makes it possible to produce from 8,000 to 10,000 extra tons of pig iron. A day's output of a combined oil-refining installation with a capacity of 6,000,000 tons can run to as much as about half a million rubles' worth.

The draft Directives envisage the concentration of capital investments and the reduction of the number of enterprises and other projects being built at one and the same time in order to speed up their commissioning.

In drawing up the five-year plan and the annual assignments it is necessary to make sure that the capital construction programme conforms to the material and technical resources and capacities of the building organisations.

The economic reform that was begun in the building industry last year also serves to ensure the commissioning of capacities and projects within the set time limits. The financial and economic activity of a building organisation is now evaluated by the fulfilment of its assignments in the commissioning of capacities, and the size of its incentive funds depends directly on this. During the next five years one of the tasks is to complete the transfer of all building organisations to the new system of planning and economic incentives, and

go over to advanced methods of settling accounts on completion of projects or by stages of their construction.

Building workers have the responsible task of attaining the five-year plan targets practically without any increase in personnel, i.e., through a growth of labour productivity.

To this end the mechanisation level of building work must be raised. During the new five-year period building organisations are to be supplied with 30-40 per cent more excavators, bulldozers, scrapers and mobile cranes and about 100 per cent more small machines.

An increase of the number of shifts, reduction of machine idle time and an improvement of technical services are the concrete ways of making better use of building machinery. It is necessary to secure a considerable increase of the capacity of the repair and maintenance base and raise its technological level.

A reduction of the loss of working time at building sites is a large reserve for the growth of labour productivity. The reason for these losses lies chiefly in shortcomings in the organisation of building work.

Advanced methods of organising work must be studied and introduced on a larger scale. In particular, the conveyer method of assembling and building large workshops, introduced by the USSR Ministry of Assembly and Specialised Building Work and the USSR Ministry of Construction at the Gorky Auto Works, merits attention.

More use of prefabricated structures brought up to a high level of industrial manufacture must be made during the new five-year period for houses and other buildings. It is particularly important that buildings and other structures should be lighter.

Today there are possibilities for using lightened metal constructions in industrial building. During the five-year period there will be considerably more possibilities for this following the commissioning of new capacities for the production of aluminium building elements.

It is necessary to introduce essential changes in the structure of the *production of building materials* and step up the output of facing materials, highly prefabricated components, heat-insulating materials and also improved-quality sanitary equipment for housing and industrial construction.

The output of cement, which will reach 122-127 million

tons in 1975, and also of glass, slate, soft roofing, and walling materials must be increased.

The iron and steel industry will provide building organisations with increasing supplies of high-strength and super-high-strength steel, H-beams, bent shapes and steel shape flooring.

The chemical industry must substantially increase the output and range of synthetic materials for building, and improve their quality. There must be a marked increase of the output of foam polystyrene, varnishes, paints and anti-corrosion materials for construction.

The timber and woodworking industry must ensure the fuller satisfaction of the demand of building organisations for high-quality joiner's articles.

It must be pointed out that in some areas building is held up by the inadequate production of local materials. The Councils of Ministers of the Union republics, the Ministry of the Building Materials Industry of the USSR and construction ministries must make provision for the development of this branch of production in their plans.

An important task of the construction ministries is to build specialised enterprises for the production of building structures, components and assembly units in areas with the largest concentration of construction, particularly in the country's Eastern regions.

The reduction of construction time in many ways depends on the delivery of complete sets of highly prefabricated plant within the set time-limits. In this respect the practice of the Ministry of the Chemical and Oil Engineering Industry in delivering complete technological installations merits praise. At the Novomoskovsk Chemical Plant a 180,000-ton capacity installation for producing diluted nitric acid, brought up to a high level of industrial fabrication, was put in operation in 15 instead of the standard 23 months. This good example should be followed by other ministries. Plans for the delivery of complete sets of equipment for the projects to be built in 1971-1975 should be adopted together with the five-year plan.

Today there are seven million people working at building sites throughout our country. The Party Central Committee and the Government passed a decision to broaden the training of building workers and the improvement of their qualifi-

cations. Builders' wages have been raised substantially, more housing is allocated for builders and their everyday living conditions are being improved. All this is an inducement for building workers to stay in the trade.

Builders and assemblymen are faced with important tasks. Allow me to express the confidence that they will make every effort to carry out the programme laid down for the five-year period.

* * *

The correct location of the productive forces ensuring the further industrial development of all the Union republics and the unswerving implementation of the Leninist national policy is one of the key conditions for enhancing the efficacy of social production.

During the new five-year period an immense volume of work will have to be done to accelerate the development of the huge natural resources of the European North, Siberia, the Far East, Kazakhstan and Central Asia. A number of new industrial areas and centres of nation-wide importance such as the West Siberia oil and gas, the Bratsk-Ust-Ilim and Sayan areas in Eastern Siberia, the Nurek region in Tajikistan and others are to be developed. The building of new power-intensive enterprises, chiefly of the non-ferrous metallurgical and chemical industries, is being concentrated in the Eastern areas, where the development of the iron and steel industry and the maximum processing of timber are also to make considerable headway. According to preliminary estimates, by the end of the five-year period we shall be in a position to produce in these areas 70-73 per cent of the country's aluminium, about one-third of its pulp and cardboard and many other power-intensive products.

To carry out the envisaged programme for the development of the Northern and Eastern areas it is necessary to improve existing and set up new building organisations in these areas. Provision must be made for priority growth rates in housing, communal and cultural construction in order to create the conditions for further inducing skilled workers to stay in these areas.

The new five-year period will witness the further development of industry and agriculture in all the Union repu-

blics. In most republics industrial production will rise by 40-50 per cent and more. All the Union republics have important tasks in increasing agricultural output through greater specialisation.

The rational location of the productive forces will make it possible to speed up economic development and more correctly and fully to combine countrywide interests with the interests of the development of the Union republics and the economic areas.

IV.

IMPROVEMENT OF MANAGEMENT AND PLANNING

Comrades, important measures designed to bring the forms and methods of economic management up to date with the present stage in the development of the socialist economy were taken in the past five years. The main orientation in reorganising the system of management was determined in the decisions of the 23rd Congress of the CPSU. In a decision "On Improving Management in Industry, Enhancing Planning and Accentuating Economic Stimulation in Industrial Production", the September (1965) Plenary Meeting of the CC CPSU set out concrete measures designed to improve the whole economic mechanism, which were approved by the 23rd Congress. All this gave the start to the economic reform in our country as a further development of the Leninist principles of socialist economic management.

The results of the Eighth Five-Year Plan speak of the great positive effect of the new system of planning and stimulation on the effectiveness of production.

We have seen a steep increase in the interest of the staffs of enterprises in the economic results of their work, managerial personnel becoming more active and the working people's participation in resolving questions of production economics growing.

However, we cannot but note that some ministries are

still making poor use of the new methods of managing production. All too often the rights of enterprises operating on a profit-and-loss basis are impinged upon, while economic methods are being superseded by administrative ones. At the same time in the light of experience it became clear which aspects of the economic reform required further elaboration and development. The methods of planning and stimulation, the criteria for evaluating the activity of enterprises and amalgamations should evidently be further improved, in order to increase the impact of the reform on speedier scientific and technical progress, better quality of products, higher labour productivity and the greater interest of enterprises, amalgamations and ministries in higher plan assignments. This, at present, is the main thing.

The economic reform is not a single act. It is a process of improving economic management designed to secure the maximum use of all the advantages of the socialist mode of production.

In the new five-year period we shall complete the conversion to the new system of planning and stimulation of all enterprises and organisations working on the profit-and-loss principle in all fields of material production and in the service sphere. It is necessary to review the past stage of the reform on the basis of available experience and to draw up proposals for its further development.

Soviet *planning* has achievements that have won worldwide recognition. The socialist system of planning, which took shape in the conditions of the new socio-economic formation, is developing steadily in accordance with the requirements of socio-economic progress.

The need has arisen to improve inter-branch planning, the significance of which continues to grow due to the necessity of resolving many major economic problems involving several branches of the economy. I shall cite the motor-vehicle industry, as an example. The planned growth of motor-vehicle production determines the development not only of related branches, but also of road-building, of a broad network of various service stations, and of town-planning. In other words, we need comprehensive plans drawn up not only "vertically", but also "horizontally".

Long-term forecasts are of great importance for solving comprehensive economic problems. They are sure to play an

important role in enhancing the scientific relevance of the long-term plans. Recently, our research centres, the Committee for Science and Technology and the State Planning Committee drew up, and the Council of Ministers of the USSR examined, long-term forecasts of the development of transport, the oil and petrochemical industries, melioration and chemisation of agriculture, and a forecast of the country's fuel balance. At present, we are studying a general plan for the location of productive forces. On this basis we shall be able to approach correctly the framing of a long-term economic development plan of the USSR for, say, 10-15 years, which will occupy an important place in the system of planning.

What we require is a comprehensive study of the problems of scientific and technical progress. It is necessary to improve the system of indicators of the national economic plan, orienting all economic links on raising the technical level of production, speedily adopting the results of scientific research and systematically modernising products. The plans relating to new technology must become an organic component of the entire national economic plan, but, at the same time, all the sections of the national economic plan must be based on scientific and technical progress.

The system of technico-economic norms used in planning must be further elaborated. We must have scientifically-grounded consumption norms for raw and other materials, fuel, electric power and labour. The planning agencies must review the norms in good time, seeing to it that they tie in directly with the achievements of technical progress.

A greater role of long-term plans, exhaustive study of social requirements and the consumer demand, balanced growth of all branches of the economy on the basis of progressive consumption norms for material, manpower and financial resources, deeper study of social problems and problems of scientific and technical progress in close relation with the country's economic development—those are the main directions for the further raising of the scientific level of planning. That is the basis on which we can achieve the greater stability of our plans and economic norms, securing the interest of enterprises and amalgamations in optimum plan assignments.

Fulfilling plans which co-ordinate the work of different

enterprises and branches of production, as well as the long-term prospects of their development, requires a general tightening of state discipline. It is essential to increase the responsibility of each ministry, amalgamation, enterprise and workers' collective for the timely fulfilment of all plan assignments. An efficient system of *verifying fulfilment* will play an important role in tightening discipline and raising the responsibility of each worker and executive for his work. Local Party and Government organs, people's control bodies with their many millions of activists and state statistics agencies must lay the accent in their activity on systematically verifying the fulfilment of Party and Government decisions and instructions.

It should be noted that the planning organs do not pay enough attention to checking the fulfilment of plans. They must take timely measures to prevent the appearance of disproportions and ensure the precise fulfilment of plans and the fullest possible utilisation of internal potentialities.

Comrade Brezhnev's report draws attention to the need of skilfully using economic levers and improving commodity-money relations. The Central Committee of the Party and the Soviet Government hold that directive planning is the main and determining factor and commodity-money relations can and must be applied to strengthen planned guidance of the national economy and stimulate the initiative of enterprises and amalgamations operating on a profit-and-loss basis. In our country, commodity-money relations have a new, socialist content. It stands to reason that we reject all the erroneous conceptions that substitute market regulation for the guiding role of state centralised planning.

It is necessary to align more fully the individual and collective interests, the interests of the individual worker, the enterprise with those of the entire society, in order to cultivate in people the attitude that working for society is their prime duty and the main factor in raising the standard of living. In so doing, it is important to raise the interest of the personnel of enterprises, amalgamations and ministries not only in current, but also in long-term results—in broadly introducing the achievements of science and technology and in improving the quality indicators in the work of enterprises. To these aims should be subordinated the further improvement of all economic levers by tying in the system of mate-

rial incentives directly with the fulfilment of the five-year plan assignments.

The new system of *economic stimulation*, based on strengthening and developing the profit-and-loss principle, presupposes a greater role for profit in the national economy. We regard profit and profitability as important indicators of the effectiveness of production. At the same time, profit is the main source not only of the funds of enterprises and amalgamations operating on the profit-and-loss basis, but also the most important source of state budget revenue.

To be sure, socialist society is not indifferent as to how, by what means and under what conditions profit is increased. Enhancing the effectiveness of production, reducing the cost of production and raising the productivity of labour—that is our way of increasing profit. All attempts to obtain profit by getting round the state-set prices or by raising them, by violating the stipulated assortment and standards, are an anti-state practice. We must increase the responsibility of ministries, departments and amalgamations and of the executives of enterprises and price-formation organs for the strict observance of the state price discipline and for fulfilling the plan as regards product range.

At the same time, it is necessary to continue improving the system of profit distribution, to enhance the interest of enterprises in making more effective use of material, financial and labour resources.

In 1970 industrial enterprises were able to put 3.6 thousand million rubles into their development funds, 1.4 thousand million rubles into funds for socio-cultural measures and housing development, and 4 thousand million rubles into material incentives funds. The total put into these funds was 9 thousand million rubles. With these funds many enterprises were able to extensively modernise production, improve the housing conditions of their workers and employees, and build more kindergartens, crèches and cultural facilities.

The material incentives funds play an increasing role in enhancing the material interest of collectives in improving production. More than one-quarter of the total increase in the average wages of workers and employees in industry during the past five years came out of these funds. At enterprises switched to the new system it has become a practice to pay bonuses for the results of the year out of the material incentives fund, the sum payable depending on the record of

uninterrupted service, discipline, and performance record. Experience has shown that this incentives scheme stimulates growth of labour productivity, reduces personnel fluidity and improves labour discipline.

The stimulation funds of enterprises operating on a profit-and-loss basis come out of their receipts, and a broad *aktiv* of workers and employees must participate in the all-round discussion of how to use them rationally. At the same time, it is necessary to continue improving the system of forming and distributing the stimulation funds.

The effectiveness of the economic levers of planned guidance of the national economy depends in many respects on the system of *price formation*. We have done much to bring wholesale prices of manufactured goods up to date, as a result of which they now reflect more accurately the socially necessary expenditure of labour. This has created conditions for a further strengthening of the profit-and-loss principle. We must continue to improve the system of wholesale prices. As labour productivity rises and production costs decline we shall reduce the wholesale prices of manufactured goods.

A correct system of price formation is sure to enhance the interest of enterprises and amalgamations in modernising their products, improving their quality and speeding up scientific and technical progress. The prices for new machinery should be set with an eye on the economic effect yielded by its use, so that it would be advantageous for both the producer and the consumer. Prices are a powerful lever of economic control in the hands of the socialist state, and we must use it skilfully and effectively.

The *role of credit* has grown in the conditions of the reform. Nearly half the circulating assets and an appreciable part of the basic assets in the national economy are now formed with the aid of credit. The state extends considerable help by way of credits to collective farms, intercollective-farm organisations, consumer co-operatives and the population. More than 75 per cent of the payments for goods and services involve credits.

The use of the national loan fund and circulating funds has improved in the past five years. This is evidenced by the acceleration in the turnover of circulating funds in industry and by a reduction of credit repayment time.

It is essential that we should continue to enhance the role of credit relations. When issuing credits to enterprises and organisations the State Bank and the Building Bank must exercise a greater influence on the choice of more effective building and technical re-equipment projects. It stands to reason that under the state plan priority in crediting should go to projects securing rapid recoupment of the expenditure and meeting the priority needs of the national economy.

Big tasks face the system of *material and technical supply*. In recent years we have in effect created a new nationwide system of material and technical supply bodies on a territorial principle. Experience shows that such a system is vital, although quite a few shortcomings still exist in the work of the material and technical supply bodies.

The nationwide supply system enables us to organise a sphere of circulation untrammelled by local departmental restrictions and, at the same time, benefitting from the advantages of the branch management of industry. Of late, permanent ties have begun to develop between enterprises through the State Committee for Material and Technical Supplies, which guarantees that enterprises get all required supplies within the agreed time.

As our resources grow, we shall be able to develop wholesale trading in means of production. This will enhance the independence and initiative of enterprises and amalgamations in selecting rational economic ties and will help economise material resources, improve the work of and reduce the supply apparatus.

One of the most important tasks to be accomplished in the course of the new five-year period is the further rationalisation of the *administrative structure* of the national economy.

The choice of new schemes of administration suiting the specifics of separate branches should be based on thorough study of practical experience and scientific data. We must review critically the present standard administrative structures, some of which are already obsolete.

The CC CPSU and the Council of Ministers of the USSR are taking steps further to improve the organisation of the administration of branches of industry. Recently, the existing administrative structures were analysed and improved in a

number of branches. For example, the structure was simplified in the coal industry: coal trusts, found to be an unnecessary link between the mine and combine, were abolished. Similar measures were taken in the oil and chemical industries.

The reorganisation of the administration in the chemical, oil and coal industries showed that a two- or three-echelon system of organising the administration is, as a rule, the most acceptable.

Large production amalgamations working on the profit-and-loss principle have considerable advantages over separate enterprises. Apart from industrial enterprises, the large amalgamations may include research, development and design organisations. This brings science closer to production and creates the conditions for the speediest possible adoption of scientific and technical achievements by the economy.

It is difficult for a single enterprise independently to determine the requirements, to organise supply and sale, to improve specialisation and co-operation, to centralise ancillary jobs, and the like. These functions must be shouldered by amalgamations, the organisation of which presupposes further concentration of production and centralisation of the necessary part of the material and financial resources.

Establishment of production amalgamations is a new important element in improving the administrative system. The development of amalgamations will make it possible to realise more fully the possibilities of the economic reform and to accelerate scientific and technical progress.

The approach to forming amalgamations should be thoughtful and economically grounded. Amalgamation of enterprises should not give rise to additional intermediate echelons between ministry and enterprise, to expansion of administrative staffs and higher outlays for their maintenance.

The ministries must set their course unhesitatingly on introducing this form of administration. This was pointed out quite rightly here at the Congress.

It stands to reason that the organisational structure and forms of amalgamations cannot be identical in all branches; that is where we still need creative search.

Large head enterprises with subsidiaries, and science-production amalgamations where the function of the head

organisation is performed by the research organisation, are an effective form of production amalgamation. For the amalgamations to open their own retail shops is a useful way of increasing their responsibility for realising their output and of studying the consumer demand at first hand.

The many amalgamations, such as the Leningrad optico-mechanical amalgamation, as "Svetlana", "Pozitron", the Moscow Likhachev Auto Works and the garment-making amalgamation "Bolshevichka", could serve as an illustration of positive experience.

Once the amalgamations are formed, the ministries can concentrate attention on resolving the fundamental, basic problems of developing their branch. The first such problem is to study the social need for the products of the branch. Satisfaction of this need is one of the most important criteria in evaluating the work of the ministries. If the ministry cannot fully accomplish this task today, it must work out an action plan and determine the ways and schedule of fulfilling it.

Acting on the long-term prospects of development in their branch, the ministries must work out and carry forward a uniform technical policy, and raise the effectiveness of production and building. As an example of poor organisational work by ministries, especially the engineering ministries, we could cite the situation with spare parts for machines and equipment. This is felt most acutely in agriculture. Interruptions in the supply of spare parts do considerable harm, causing stoppages and compelling a large number of people to engage in semi-artisan production, which adds greatly to the cost of equipment overhaul.

It is absolutely intolerable that ministries should relieve themselves of responsibility for supplying spare parts for plant and machines manufactured by them. The situation should be such that the factory supplies the consumer with spare parts at his first request. The activity of engineering enterprises and ministries should be evaluated not only by the number of machines produced, but also by how these machines perform and how they are supplied with spare parts.

At all levels of the economic system, be it the enterprise, amalgamation, ministry or the State Planning Committee, it is necessary to see to it that the *adopted decision should be optimal*.

When drawing up decisions on this or that economic question the different variants should be compared on the basis of not only departmental, but also extra-departmental evaluations by experts. We must require of the development organisations, ministries, departments, the State Planning Committee and the State Committee for Material and Technical Supplies that they adopt or propose thoroughly substantiated decisions.

We must combine more effectively the branch principle of administration, which determines the unity of the economic and technical policy of the branch with a system of rational economic ties within republics, economic areas and regions. For this it is necessary to improve the elaboration of inter-branch and territorial economic problems. The responsibility of ministries should be increased for developing inter-branch ties, in particular, for fulfilling deliveries within the framework of co-operation. The socialist way of running the economy is in principle incompatible with departmentalism, which disrupts rational production ties, and with parochialism, which impairs unity in economic activity.

In the present conditions, the improvement of the system of planning and economic management requires broader application of economico-mathematical methods and use of electronic computers, managerial equipment and advanced means of communication. The use of *electronic computers* will speed up receipt and processing of information, elaboration of many variants of the plan and the finding of optimal plan solutions. Thanks to the advantages of the socialist economic system, which makes it possible to direct economic and social processes on a countrywide scale, broad use of electronic computers will make for better substantiation of our plans and will help find the optimal solution for them.

Automated control systems are used with success by a number of ministries and in many enterprises. The State Planning Committee, the State Committee for Material and Technical Supplies, the Central Statistical Board and a number of other departments have set up computer centres. In these five years it is planned to put into operation at least 1,600 automated control systems at enterprises and organisations in industry and agriculture, communications, trade and transport.

Our planned economy enables us to build up a nationwide

automated system for gathering and processing information for accounting, planning and economic guidance on the basis of a state system of computer centres and a single country-wide automated communications network.

Constant concern is required for the question of *managerial cadres*. We are faced with the task of consistently extending and improving the system of training and retraining managerial personnel at all levels, including top executive cadres.

It is the duty of the economic executives to learn the new management techniques based on a thorough knowledge of Marxist-Leninist theory, the theory and practice of management, scientific organisation of labour, new methods of planning and economic stimulation, economico-mathematical methods and modern computery.

A further development of socialist democracy, broader participation of working people in running production, is an important condition for raising the effectiveness of the organisation and management of the economy. This ensures the implementation of that most important principle of our economic activity—the combining of the interests of society, of the collective, with the interests of each working individual.

Once the draft Directives are approved by the Party Congress, they will become a guide for all Soviet people. We must complete drawing up the five-year plan, with assignments broken down for each year, as quickly as we can. It is to be examined by the Government, by the CC CPSU at a plenary meeting, and will be submitted to the Supreme Soviet of the USSR for adoption. The plan must be compiled by not later than August 1, 1971, so that it should be forwarded in good time to each amalgamation and enterprise.

It stands to reason that drawing up the five-year plan with a breakdown for each year does not rule out the need for corrections necessitated by life.

The main requirement is that the State Planning Committee, the Councils of Ministers of the Union republics and the ministries should maintain correct proportions in the plan, should draw up a balanced five-year plan. This will make it possible to determine more accurately the social requirements, take fuller account of scientific and technical achievements, and define the structure of production more correctly.

Permit me to express the trust that Party and trade-union organisations, and government and economic executives will display creative initiative and perseverance in fulfilling the tasks set by the Party Congress relative to improving management and planning.

V.

FURTHER RISE OF THE LIVING STANDARD AND THE CULTURAL LEVEL OF THE SOVIET PEOPLE

Comrades, in the Report of the Central Committee of the CPSU Comrade Brezhnev set out the Party's policy of raising the living standard of the people.

The draft Directives outline a broad programme of raising the living standard and improving the working and living conditions of Soviet people.

In the new five-year period the living standard of our people will go up chiefly as a result of higher wages and salaries of workers and office employees and the higher incomes of collective farmers, as labour productivity and the qualifications of the working people rise. This will account for the bulk of the increment in people's incomes.

The programme for raising the people's standard of living envisages a number of large-scale measures.

The CC CPSU and the Council of Ministers of the USSR, with the participation of the All-Union Central Council of Trade Unions, having weighed up our resources, determined the sequence and schedule of implementing the projected programme.

In accordance with this programme, the minimum monthly wage is to be raised to 70 rubles in 1971, and the basic wages and salaries of the middle brackets of railway workers and employees are to be raised as well. The rates for farm machine operators are to go up in the same year.

As of July 1, 1971, it is envisaged to raise the minimum pension for collective farmers and apply to them the pension fixing regulations used for workers and office employees.

As of the same day, that is, July 1, 1971, the minimum

workers' and office employees' old-age pensions will be raised.

A new wage minimum is to be introduced during 1972, and at the same time the basic wages and salaries of the middle-bracket workers and office employees will be raised in the Far North and areas of the same status, the European North, the Far East, in Eastern and Western Siberia and in the Urals.

As of September 1, 1972, it is planned to raise the salaries of schoolteachers and doctors simultaneously throughout the country by an average of about 20 per cent, and those of teachers in children's pre-school institutions by a still higher figure. As of that day, too, the scholarship grants of higher educational establishment students will be raised by an average of 25 per cent and those of technical school students by an average of 50 per cent.

In the course of 1973, a new wage minimum and higher basic wages and salaries for middle-bracket workers and employees will be introduced in the production branches in Kazakhstan, Central Asia, the Volga area, the Volga-Vyatka area and the Donets Basin.

The pensions of servicemen's families who have lost their breadwinner will also be increased.

It is envisaged to lengthen the paid leave of absence to attend sick children, the allowance being equal to that paid for temporary incapacity.

The introduction of a new wage minimum and the increases in the basic wages and salaries of middle-bracket workers and office employees in the production branches throughout the rest of the country, and also in education and public health, are to be completed in 1974.

An increase in the pensions of labour and war invalids will be one of the big pensioning measures of the ninth five-year plan period. The invalid's pensions are to be raised by an average of 33 per cent. The pensions of families that have lost their breadwinner will rise simultaneously by an average of 20 per cent.

The process of introducing the new wage minimum and increasing the basic wages and salaries of middle-bracket workers and employees is to be fully completed in 1975.

In the course of the ninth five-year period a gradual wage increase is also to be effected in some areas by introducing or raising zonal differentials. In Western Siberia, the Urals,

Kazakhstan (excepting its southern areas) and in some parts of Central Asia differentials will be fixed for the wages and salaries of those workers and employees to whom they did not previously apply. The zonal differentials in force for wage and salary earners in some economic branches in a number of areas of the Far East and Eastern Siberia will be increased.

The additional payments to workers and office employees for night work are to go up considerably.

The introduction of the new wage minimum, the increase in the basic wages and salaries of middle-bracket workers and employees, and the further improvement of zonal wage and salary regulation are all measures of major socio-economic importance. They will reinforce the role of the wage rate system, help improve rate-setting, secure a more correct relationship between wages of skilled and unskilled workers and between wages in different branches and zones.

In step with measures to increase the wage minimum, the income tax for workers and office employees with monthly wages up to 70 rubles will be abolished and taxes on monthly wages of up to 90 rubles reduced.

The Ninth Five-Year Plan envisages the introduction of *allowances for children* to low-income families. The Soviet state already provides help to families with many children. They are afforded reduced charges for accommodation in children's institutions and lower income tax rates depending on the number of dependents. In the ninth five-year period it is planned to introduce children's allowances for families, whose aggregate per capita income (including all types of income) does not exceed 50 rubles a month. These allowances will be introduced in 1974.

It is planned to raise the allowance for meals in hospitals and in urban vocational and technical schools.

To finance all the above-mentioned measures a 120 per cent increase in expenditure is envisaged in the new five-year period as against the previous five years.

The average monthly cash wage of workers and office employees is to rise by 20-22 per cent in the five years, and collective farmers' remuneration for working in the commonly-owned sector is to go up by 30-35 per cent. In 1975 payments and benefits out of the social consumption funds will be 90 thousand million rubles, going up approximately by 40 per cent.

As Comrade Brezhnev, General Secretary of the CC CPSU, has already reported to the Congress, it is proposed to *redeem the internal state debt before schedule*.

Eleven loans were floated between 1947 and 1956. Under these, the total internal state debt amounts to 25.8 thousand million rubles.

According to the decision of the CC CPSU and the Council of Ministers of the USSR of April 19, 1957, the debt was to have been redeemed in the course of 20 years, beginning in 1977.

The Central Committee and the Council of Ministers of the USSR examined the matter thoroughly and, having weighed up all resources, consider it necessary to start redeeming the loan before schedule, beginning in 1974.

It is envisaged to redeem the loans according to the following schedule: 1 thousand million rubles yearly in 1974 and 1975; 1.2 thousand million rubles yearly in 1976-1980; 1.5 thousand million rubles yearly in 1981-1985; 2 thousand million rubles yearly in 1986-1989 and 2.3 thousand million in 1990.

Thus, the term of redeeming the state loan is to be shortened by *six years*.

The high growth rate of the cash incomes of the population must be covered by an increase in consumer goods output and trade turnover. It is one of the provisions of the draft Directives that with the increase of 40 per cent in the population's cash incomes, commodity sales will rise by 42 per cent and the volume of paid services by 47 per cent.

In the new five-year period the market supply of products such as meat, fish, vegetable oil, eggs and vegetables will increase by 40-60 per cent. Sales of garments will go up 35 per cent, knitted goods 56 per cent, cultural and domestic goods 80 per cent. Refrigerators in the possession of the population will rise from 32 per 100 families in 1970 to 64 in 1975, TV sets accordingly from 51 to 72 and washing machines from 52 to 72. By the end of the five years, sales of motor cars to the population will increase more than six-fold as against 1970.

Given the overall increase in the production and sales of consumer goods, it is necessary continuously to expand and improve their range. The task is not only to meet the consumer demand in terms of bulk; the main thing is the kind of goods the customer finds in the shops and how satis-

fied he is with their diversity and quality. This puts higher demands on industry and trade, which must respond speedily to all changes in customer demand.

It is high time to increase the responsibility of the trading organisations for correctly estimating their orders of goods from industry and for making commodities available to the consumer when he needs them. For its part, industry, too, should influence consumer demand by producing new and better kinds of commodities.

The turnover in public catering will increase by 50 per cent in the five years. The expansion of the network of restaurants, canteens and cafes should be continued, especially on building sites, in enterprises and educational establishments. The main thing in the development of public catering is to improve quality and service.

As pointed out in the draft Directives, the stability of state retail prices will be strictly maintained in the new five-year period. As the stocks of commodities grow, prices will be lowered for some types of goods.

Within the next few years, production and sales of ready-to-cook products, ready-to-serve foods, dehydrated and other products making home cooking easier, should be unfolded on a large scale. Output of pre-packaged goods, the practice of advance orders, the system of mail orders and other advanced types of commodity distribution, should be appreciably increased.

The extent of *everyday services* is to be at least doubled. For this, we shall have to expand the network of tailoring and shoe-making establishments, repair shops, dry cleaners, laundries and other services. In the present conditions, the services should develop as a large-scale mechanised industry.

With incomes rising, the cultural requirements of broad sections of the population are rising as well, and new needs appear. Tourism, for example, is becoming increasingly popular. We must expand and improve its facilities, provide more hotels, camping sites and other tourist services.

In 1971-1975, it is envisaged in the draft Directives to build new housing totalling 565-575 million square metres. *House-building* will be based increasingly on new designs, which provide for a more convenient layout, better amenities and finish of apartments.

House-building co-operatives should be developed, and

aid should also be extended to individual house-building in town and countryside.

Considerable attention must be devoted to bettering the utilities and to town improvement. A great majority of towns and big urban communities will be provided with a centralised water supply. Domestic consumption of electric power will increase. In these five years it is planned to bring gas to 17-18 million more homes. Urban dwellings will have gas to the extent of 65-75 per cent and rural homes to the extent of 40-50 per cent.

In the years of the early five-year plans we introduced universal primary education. In the new five-year period we shall *complete the introduction of universal secondary education*. The materialisation of this is of immense political and social significance. Universal secondary education will afford each citizen extensive possibilities for choosing his vocation, applying his abilities for the good of all society to the best advantage.

In the draft Directives considerable attention is devoted to vocational and technical education. Higher and specialised secondary education will be further advanced. It is planned to train about nine million specialists, including experts in new fields of science and technology.

Those who will enter school during these years will be developing the country's economy and culture in the nineties and in the beginning of the 21st century. The curricula and teaching methods in general and technical schools and higher educational establishments must even now increasingly take into account future scientific and technological development.

Of great importance for the fuller satisfaction of the people's cultural requirements is a further expansion of book publishing, of the circulations of newspapers and magazines, raising their ideological level and improving their design, developing the network of theatres, cinemas and film projecting installations, and providing more facilities for cultural institutions.

In the new five-year period large tasks are set in the field of *health protection*.

It is necessary to improve all types of medical assistance and bring closer the standard of rural medical services to that in the towns. This set of tasks is largely defined in the Public Health Law and in the CC CPSU and USSR Coun-

cil of Ministers decision "On Measures for the Further Improvement of Public Health and the Development of Medical Science in the Country". The building of new hospitals, polyclinics, medical control centres, sanatoria and holiday homes will be continued. By 1975, the number of hospital beds will have risen to 3 million.

Physical culture and sports will continue to develop in the ninth five-year period.

In the interest of public health consideration must be shown for the natural environment and the sanitary condition of all towns and villages must be improved. It is essential to carry into practice, strictly and consistently, the Fundamentals of Land and Water Legislation adopted by the Supreme Soviet of the USSR.

Comrades, implementation of the social programme of the new five-year plan will raise the living standards of all sections of our society.

The rise in the living standard and cultural level of the Soviet people will be effected all along the line by the whole diversity of means and forms at the disposal of the developed socialist society.

It is necessary to ensure a harmonious combination of material and moral labour incentives. Better results at work and creative initiative should be encouraged by various material and moral incentives expressive of society's recognition of the individual's merits and rousing his professional pride.

Raising the people's standard of living and cultural level is indivisibly associated with the further consolidation and development of the socialist way of life. The Soviet people see the great advantages of socialism materialising with increasing effect in the course of communist construction.

For the first time in history, socialism is turning the wealth of society into the wealth for all members of society. Therein lies one of the sources of the labour heroism of Soviet people, their dedication to the ideals of communism, one of the pillars of the indestructible unity of the Party and the people.

VI.

FOREIGN ECONOMIC TIES

Comrades, it is an important task of the Ninth Five-Year Plan further to develop foreign economic relations with the object of using to the maximum the advantages of the international division of labour. This will help consolidate the international positions of the Soviet Union, to cement the unity and augment the economic power of the world socialist system.

Co-operation with the socialist countries occupies a special place in the foreign economic relations of the USSR. In five years, the aggregate commodity turnover between the Soviet Union and the other socialist countries has increased by nearly 50 per cent. Co-operation in production and scientific-technical co-operation among the members of the Council for Mutual Economic Assistance has expanded considerably.

The draft Directives envisage a number of concrete steps, designed to assure a balanced development of close economic and scientific-technical co-operation between the USSR and the fraternal countries. Deliveries of many types of goods by Soviet industry, including machinery, chemicals, raw materials and fuel, will increase substantially. Oil deliveries to the CMEA countries, for example, will go up from 138 million tons in 1966-1970 to 243 million in the ninth five-year period, natural gas accordingly from 8 thousand million cubic metres to 33 thousand million, electric power

from 14 thousand million kilowatt-hours to 42 thousand million, and iron ore (in terms of metal) from 72 million tons to 94 million. In the new five-year period we shall import from the CMEA countries 1.3 thousand million rubles' worth of equipment for our chemical industry, nearly 3 thousand million rubles' worth of railway and water-borne transport facilities and more than 8.5 thousand million rubles' worth of manufactured consumer goods. Larger deliveries to the Soviet Union from the other CMEA countries will enable us to cover more fully some of the needs of our economy.

All-round use of the immense potentialities latent in the co-operation of CMEA countries will be facilitated by the programme of socialist economic integration now being worked out.

Our planning and economic organs will participate with the interested countries in preparing joint projects, with a view to securing a considerable increment in the resources of fuel, raw materials and metals, and pave the way for specialisation and co-operation in different branches of the economy. Solution of these problems is facilitated by the unfolding activity of the International Investment Bank, which will help carry forward an agreed investment policy. This bank, founded in 1970, will promote close co-operation among the CMEA countries in the joint financing of large building programmes.

In the present five-year period our country will devote great attention to extending all-round economic and scientific-technical co-operation and, on this basis, increasing foreign trade also with the other socialist countries—the Democratic Republic of Vietnam, the Korean People's Democratic Republic, the Republic of Cuba and the Socialist Federal Republic of Yugoslavia.

The Soviet Union has taken a number of steps to develop our trade with China. However, the results achieved in the matter fall far short of the actual possibilities of the two countries. We shall strive that in the years ahead trade relations with China could be advanced on the basis of equality and respect for mutual interests.

A further expansion of the Soviet Union's foreign economic ties with the developing countries of Asia, Africa and Latin America is envisaged in the coming five years. In the

case of many of them—India, Afghanistan, Iran, Pakistan, the United Arab Republic, Syria, Iraq, Algeria and others—our trade and economic co-operation are entering a stage where we may already speak of firmly established mutually advantageous economic ties. Our co-operation with them, based on principles of equality and respect for mutual interests, is acquiring the nature of a stable division of labour, counterposed in the sphere of international economic relations to the system of imperialist exploitation. At the same time, through increased trade with the developing countries the Soviet Union will gain the opportunity of satisfying more fully the requirements of its own economy.

It may be said confidently that the economic relations of the Soviet Union with Asian, African and Latin American states benefit the consolidation of their national independence and the common cause of struggle against imperialism, for peace and social progress.

We stand for broader commercial relations also with the industrially developed capitalist countries. A tendency is shaping in our economic relations with Finland, France, Italy, Japan, the FRG and Austria to conclude long-term agreements that include trade and economic, scientific and technical, and credit and financial aspects. This creates additional preconditions for the development of trade.

If industrial and commercial circles in the capitalist countries display a sufficient interest in expanding economic relations with the Soviet Union, our trade with those countries will grow more considerably.

The scope of our economic relations with the Western countries could be entirely different, of course, if constructive steps were taken towards resolving the outstanding problems that complicate the international situation at present.

It is well known, for example, that the Soviet Union attaches great importance to convening a European security conference. It is perfectly clear to us that this conference would help increase confidence in Europe, would open up the way for broad economic and scientific-technical co-operation. This could create conditions for carrying forward such matters as the organisation of transcontinental transportation, the building of large power-transmission lines and the establishment on this basis of a single European power

grid, leading up to cardinal advances towards solving the problem of the fuel-and-power balance. At the same time, this would help to develop broad co-operation in such important spheres of human activity as the conservation of the natural environment and, first and foremost, of the purity of the seas washing European shores, and the rational utilisation of their resources, and the pooling of the efforts of the scientists of many countries in treating cardiovascular diseases and combating cancer.

Naturally, problems of this kind are of importance not only for Europe. That is why we are prepared to co-operate in this field also with other countries, particularly Canada and Japan. Nor do we rule out developing economic relations with the United States of America to a point where their extent would be more consistent with the economic potential of the two countries. That kind of co-operation would be a firm basis for consolidating peace and mutual understanding on the basis of the principles of peaceful co-existence.

The Soviet Union, the fraternal socialist countries work continuously for the peaceful coexistence of states with different social systems. We do not regard war as inevitable and therefore stand for economic competition between the two systems. We are against closed groupings of the "common market" type. We stand for a broad development of multilateral economic ties without any discrimination at all. That is our position of principle. We are prepared to co-operate with any state that so wishes, providing that it adheres to the principles of peaceful coexistence. Those who expect to injure the Soviet Union by setting up restrictions and discriminatory barriers in economic relations with us, forget one thing: the Soviet Union possesses resources that fully enable it to develop independently.

It is essential that the planning agencies, foreign trade organisations and industry should approach the development of foreign economic ties from the standpoint of their effectiveness for the national economy as a whole, not from the standpoint of an individual department.

The development of our foreign trade and the extension of international economic, scientific and technical co-operation should promote the successful fulfilment of the tasks of the new five-year period.

* * *

Comrades, the history of the five-year plans is a history of the great achievements of the Soviet people, who under the leadership of the Leninist Party have built socialism and are now successfully building the material and technical basis of communism. From one five-year plan to another there has been a steady growth of the economy, of science and culture, of our national income, of the people's living standard, and ever bigger social problems have been solved.

At every stage of our development, our Party's congresses have been and continue to be historical milestones determining the Soviet Union's advance to communism. The general line of further development, which our Party's highest organ is laying down for the next five years, epitomises the will and wisdom of the whole Party, of all Soviet people.

The Ninth Five-Year Plan is to be a plan for the further rise of the country's economy and of the living standard of the 250-million Soviet people. Our achievements in this add greatly to socialism's power of attraction. The example of the Soviet Union and other socialist countries exercises a tremendous influence, speeding up social progress throughout the world.

The new five-year plan is to be a plan for the further development of socialist relations of production. It will assure the active participation of the broad mass of working people in running production and administering society. The Soviet socialist system is the most advanced, the most democratic, providing the greatest scope for the creative forces of the working class, the peasants and the people's intelligentsia.

Our five-year plan is a plan for peaceful construction. It shows that the policy of the Soviet state is one of peace and progress. Our plans of peaceful construction, our policy of peace, are counterposed to imperialism's policy of aggression. We are making every effort to ease international tension in the interest of all the peoples.

In the complicated international situation, with imperialist reaction resorting to military gambles and direct aggression, with the US imperialists, who trample the norms of international law, conducting an ignominious, dirty and

piratical war in Vietnam, Cambodia and Laos, and encouraging aggression in the Middle East, with tensions and the threat of war remaining in the world, we have no right ever to forget of the need to strengthen our Armed Forces and enhance their combat readiness. The new five-year period will ensure the further strengthening of the defence might of our state.

Fulfilment of the five-year plan will have an immense economic and political bearing on the further development of the Soviet Union as a whole, and of each Union republic, on all the peoples of our great country: it will increase still more its economic might, and make the life of all people better and still more attractive, materially more prosperous and spiritually more meaningful and interesting.

The Soviet people came to the 24th Congress of their Communist Party with impressive successes in the nationwide emulation movement. The plan targets of the first three months for industry as a whole have been exceeded. Industrial output reached 103 per cent of the plan target. Average daily output was 9.5 per cent higher than that in the first quarter of the preceding year. The industrial output assignment has been fulfilled by all ministries and all Union republics. The plan and the additional assignments for the procurement of animal products, including meat and milk, have also been overfulfilled. This got us off to a good start in the new five-year period.

We are sure that in the effort to fulfil the five-year plan targets, the working people's creative initiative will grow, and that this will be the decisive factor of fresh victories in communist construction.

The whole historical experience of Soviet society's development provides striking confirmation of these remarkable words of Lenin's: "The greater the scope and extent of historical events, the greater is the number of people participating in them, and, contrariwise, the more profound the change we wish to bring about, the more must we rouse an interest and an intelligent attitude towards it, and convince more millions and tens of millions of people that it is necessary."

The labour effort of the masses of people is guided and directed to the common goal by the Communist Party. It

has the boundless confidence of the working class, of all working people. It is our duty, the duty of Communists, to be always, in any sphere of activity, a model of selfless labour, deep knowledge, the highest degree of organisation and discipline, a model of a principled attitude and intolerance of shortcomings.

Representatives of nearly all the Communist and Workers' Parties of the world are taking part in the work of our Congress. We are grateful to our friends for their high appraisal of the policy of the Communist Party of the Soviet Union. They regard our economic successes as an important contribution to the consolidation of the world socialist system and to the development of the international communist and working-class movement and of the national liberation struggle.

The international working class and all progressive people the world over regard our five-year plans as great triumphs in the historic contest between socialism and capitalism. The new five-year plan, too, they regard as a step forward in the social progress of all mankind towards the triumph of communism all over the world.

By our plans, by our policy, we Communists say to the working people of the entire world that the welfare of the working man, the creation of conditions for the full and all-round flowering of the personality, is our main concern, our main goal.

The Directives for the Ninth Five-Year Plan which the 24th Congress of our Party will approve are a programme for the whole people.

Compared with all the previous five-year plans, which the Soviet people have successfully implemented, the present five-year plan stands out in scope, in the grandeur of its tasks, and in the fact that it covers all the key aspects of the life of Soviet society.

Every working man and woman in the country will spare no effort in making a contribution to this great cause of the entire people.

Allow me to express the confidence that the Ninth Five-Year Plan will be successfully fulfilled through the will of the Party, and the will and selfless labour effort of the whole Soviet people.

The great Party of Lenin is leading us towards glorious new achievements, to new victories of communism!

Long live the great Soviet people, the builders of communism!

(A. N. Kosygin's report was heard with great attention and repeatedly punctuated with prolonged applause.)

Директивы XXIV съезда КПСС по пятилетнему плану
развития народного хозяйства СССР на 1971—1975 годы

Доклад Председателя Совета Министров СССР
А. Н. КОСЫГИНА

на английском языке

Цена 13 коп.

